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Nakasone Will Win Working Majority in Election, Poll Finds

The Associated Press

OKYO — Prime Minister Ya- Nakasone's party is likely to working parliamentary ma- al elections Sunday, despite ribery conviction of former rime Minister Kakuei Tanaka, according to a poll published Friday by the Asahi Shimbun, Japan's largest newspaper.

Asahi said a survey of 13,200 eligible voters had indicated that the Liberal Democratic Party would win 278 seats in the 511-member lower house, which is the most important chamber in the Diet. It now holds 286 seats.

If it won more than 270 seats, the party would retain chairmanships and majorities in 18 standing committees in that chamber. Some analysts have said that a score of fewer than 270 seats would reflect a serious Liberal Democratic reversal, and could bring Mr. Nakasone's downfall.

But Asahi's poll appeared to suggest that this prospect was unlikely. It said 266 of the governing party's candidates had a decisive lead, while another 52 were considered to be in a close race. In addition, the survey said, some independent candidates were certain to join the Liberal Democrats after the elections.

Among the opposition, Asahi predicted, the Japan Socialist Party would win 97 seats, a decline of four. It said the Clean Government Party would take 49 seats, an increase of 15.

The Japan Communist Party and the Democratic Socialist Party will have difficulty retaining the seats they held when the Diet was dissolved last month, the Asahi survey said. The Communists had 29 and the Social Democrats 31.

Mr. Nakasone called the vote on Nov. 28, six months ahead of schedule, after a walkout by the opposition halted all legislative action. The opposition was reacting to the Liberal Democrats' refusal to consider a demand for Mr. Tanaka's resignation from the Diet.

Mr. Tanaka was convicted on Oct. 12 of taking about $2.2 million in bribes in the early 1970s, when he was prime minister, from Lockheed Corp. to promote the sale of its aircraft in Japan.

He is free on bail pending appeal of his conviction, a four-year prison sentence and a fine equivalent to the bribes.

Although he is now a nominal independent, Mr. Tanaka still controls the Liberal Democrats' largest faction in the Diet. On Sunday, that faction should win 66 seats, an increase of one, Asahi said.

Mr. Tanaka's personal support is considered strong in his district on the western coast, and his re-election is considered certain.

■ Reagan's Campaign Role

Sam Jameson of the Los Angeles Times reported Friday from Chiba, Japan:

Mr. Nakasone has made Presi-

(Continued on Page 2, Col. 5)

The New York Times / The Associated Press

The bribery conviction of former Prime Minister Kakuei Tanaka of Japan, campaigning above, does not appear to have substantially damaged the Liberal Democratic Party, led by the current prime minister, Yasuhiro Nakasone, right. Mr. Tanaka's conviction led to the call for elections Sunday, which the Liberal Democrats are expected to win.

Israel, Egypt To Get Grants for Military Aid in U.S. Policy Shift

By Bernard Gwertzman
New York Times Service

WASHINGTON — The Reagan administration has agreed to give Israel $1.4 billion in military aid in the next fiscal year, none of which has to be repaid, as part of a policy shift for military assistance worldwide, administration officials said.

They said Egypt would receive $1.1 billion in grants.

The officials said Thursday that the program represents a break from the approach followed in the last decade of lending money to governments at prevailing market rates to buy U.S. military equipment. The administration intends to give the aid free or at subsidized, highly concessionary rates, officials said, on the ground that that most military aid recipients are in such precarious financial shape that they cannot afford to repay loans for the equipment.

"We now have to decide," one State Department official said, "if a friendly country deserves our military help, and if it does, we will give them the help without draining their reserves."

The most dramatic example of the shift is the case of Israel, officials and Israeli diplomats said. In the current fiscal year, 1984, Israel is scheduled to receive a total of $1.7 billion in military loans, of which half, or $850 million, does not have to be repaid. Israel already owes the United States more than $10 billion in military debts alone, an Israeli diplomat said.

Now, as a result of talks on improving strategic cooperation between the two countries, conducted when Prime Minister Yitzhak Shamir was in Washington last month, the Israelis have been told that the administration will ask Congress for an outright grant of $1.4 billion in military aid in the 1985 fiscal year, which begins next Oct. 1.

[The White House spokesman, Larry M. Speakes, confirmed Friday that there would be increasing emphasis on grants instead of loans in U.S. aid to Israel, but he did not disclose figures, United Press International reported from Washington.

["Our discussions with the Israelis did involve improvement in quality and timing of the aid to the Israeli government and we were mindful of Israel's economic problem," he said. "There will be in the U.S. program of aid to Israel more emphasis on grants than in the past year."]

The administration had offered $1.275 billion and the Israelis had requested $1.7 billion, the equivalent of this fiscal year's scheduled military aid. The two sides compromised at $1.4 billion, with the White House also saying that it understands that Israel will need more in the future and that the United States will make an effort of good faith to meet those needs in subsequent years.

Although the $1.4 billion is less than this fiscal year's allotment of $1.7 billion, it is much more attractive for Israel because none of it has to be repaid.

As part of the arrangement, the Israeli government pledged not to lobby in Congress for any increase in the $1.4 billion total. In recent years, pro-Israeli groups have repeatedly persuaded Congress to appropriate more aid than requested by the administration.

The military aid is in addition to economic assistance, which is unchanged by the policy switch. The administration, in Israel's case, is prepared to ask Congress to appropriate $850 million. Israel is asking for $1.2 billion, an Israeli official said. "We have agreed to disagree," he said. Pro-Israeli groups, primarily the American Israel Public Affairs Committee, are expected to seek the larger total from Congress.

The increase in military grants for Israel is also going to help Egypt, officials said. Since the 1979 peace treaty between Egypt and Israel, the United States has tried to keep a rough balance in aid to the two countries, with Israel's total always slightly ahead of Egypt's.

In the current fiscal year, the Egyptians are scheduled to receive $1.3 billion in military loans, of which $450 million does not have to be repaid. Now, the administration plans to ask Congress to give Egypt a total of $1.1 billion in military grants for the 1985 fiscal year, in addition to $1 billion in economic aid.

The concessionary loan rates, officials said, were still under discussion, but would probably be about 3 or 4 percent. The current rate for such loans is 11.5 percent, they added.

It was not clear whether the increase in the total of military grants would reduce the amount of money available for economic assistance programs. In recent years, the foreign aid program has tended toward more direct grants in the economic field and loans in the military. The administration seems to be trying to bring the two programs more closely in line.

Israel and Egypt have been the prime recipients of military aid. The only other countries that have received large amounts of aid have been those with U.S. military bases. Turkey receives the largest share, more than $900 million this fiscal year.

Other large recipients are Spain, Greece, South Korea, the Philippines and Thailand. El Salvador has received increasing amounts in the last few years.

The worldwide total of military aid for the current fiscal year is about $9 billion. Of that total, $2.5 billion is in grants, and about $1.3 billion in forgiven loans.

Officials said that they could not disclose the exact amounts for other countries because they are still under discussion with the governments involved, as well as among various government agencies.

Lebanese Factions Agree to Truce; Airport Reopens

By William Claiborne
Washington Post Service

BEIRUT — Lebanon's warring factions announced Friday an agreement to end cease-fire violations and to reopen Beirut International Airport, rekindling hopes for renewal of national reconciliation negotiations.

The announcement followed a week of heavy shelling south of Beirut and in the strategic mountains overlooking the capital in which the battleship New Jersey and other U.S. warships fired at Syrian anti-aircraft positions and Druze militia strongholds.

The agreement, reached in Damascus and announced by the Syrian-backed National Salvation Front opposition alliance, was followed by artillery shelling of Lebanese Army positions south of the airport before news of the announcement reached Druze militia leaders in the mountains. A lull in the fighting appeared to be holding later in the day.

The three-point accord, the latest attempt to stabilize the Sept. 26 cease-fire, was reached in Damascus by a four-man committee of representatives of the major factions under the guidance of Syria's foreign minister, Abdel-Halim Khaddam. Represented were the Lebanese Army, the Christian Phalangist militia, the Syrian-backed Druze Progressive Socialist Party militia and Amal, the Shiite Moslem militia.

While there was no guarantee that radical elements on the fringes of any of the factions would abide by the agreement, the decision to reopen the airport, closed for 16 days, was interpreted as a barometer of serious intent by the factional leaders.

[The Lebanese Army said it came under fire near Beirut and had to fight off Druze fighters trying to infiltrate their lines in a brief incident five hours after the truce came into effect, United Press International reported.]

While airport workers cheered, the first Middle East Airlines jetliner took off at 5:30 P.M. for Dhahran, Saudi Arabia. As the plane roared over the capital, people went out into the street in a chilling rain to watch.

The agreement contains a commitment that all population centers, public utilities and residential areas will be spared if fighting erupts again, and that the parties pledge their "complete respect" for the September cease-fire.

While a resumption of national reconciliation talks, which were broken off last month in Geneva, was not specifically dealt with in the accord, a preamble to the draft written in Damascus says that the document is meant to "facilitate a return to normal life and facilitate the national dialogue."

The foreign ministers of Lebanon, Syria and Sauda Arabia are scheduled to meet Sunday in Damascus to revive the talks.

Hours before the agreement was announced, Israeli ships opened fire on besieged Palestine Liberation Organization positions in the Lebanese port of Tripoli.

The first of five Greek ships that will evacuate the PLO guerrillas left Friday night for Tripoli. The passenger ships were to join five French naval ships in Cyprus before heading for Tripoli to evacuate the PLO chairman, Yasser Arafat, and his 4,000 loyalist fighters who have been pushed into Tripoli by Syrian-backed PLO rebels. The evacuation is expected to begin Monday.

■ Syria Denounces U.S.

David B. Ottaway of The Washington Post reported from Damascus:

Syria on Friday denounced U.S.

(Continued on Page 2, Col. 5)

United Press International

Edwin Meese 3d speaking to the National Press Club.

'A New Christmas Carol,' By Ed Meese

Reagan's Aide Sees Himself, Scrooge as Victims of Press

Washington Post Service

WASHINGTON — Edwin Meese 3d has complained that Ebenezer Scrooge and himself are both victims of a bad press.

Critics of the presidential counselor have been comparing him to Scrooge because of remarks he made last week about the poor. Speaking at a National Press Club luncheon Thursday, he took up the analogy with "A Christmas Carol" by Dickens and advanced an unusual — some others said a "Republican" — interpretation of the tale.

Mr. Meese said the Reagan administration has to deal with the mistakes of Christmas Past, represented by the Great Society programs of the Johnson administration. He said those programs led to more poverty and illegitimate births although government spending was increasing.

Christmas Present, he said, is a Reagan administration that is trying to help the "truly needy" by getting people who do not need aid off government rolls so more aid will be available to the poor.

He said he is a victim of the same type of press that gave Scrooge a bad name. Mr. Meese came in for heavy criticism for saying some Americans are standing in soup lines only because the food is free.

"I found that actually Scrooge had a bad press in his time," he said. "If you really look at the facts ... Bob Cratchit was paid 10 shillings a week, which was a very good wage. ... Bob, in fact, had good cause to be happy with his situation. He lived in a house, not a tenement. His wife didn't have to work. ... He was able to afford the traditional Christmas dinner of roast goose and plum pudding.

"So let's be fair to Scrooge," Mr. Meese said of Cratchit's boss. "He had his faults, but he wasn't unfair to anyone."

But other readers of the Victorian classic, first published in 1843, were not so sure of Mr. Meese's

(Continued on Page 3, Col. 3)

U.S. Mathematicians' Factoring Feat Lowers Margin of Computer Security

By Lee Dembart
Los Angeles Times Service

LOS ANGELES — Mathematicians at the Sandia National Laboratory in Albuquerque, New Mexico, have factored a 67-digit number in a time that would have seemed impossible a year ago — a feat that has important consequences for computer security.

Factoring a number means determining which indivisible numbers produce it when multiplied together. The number 30, for example, can be factored into 5, 3 and 2.

Factoring very large numbers is a task so difficult that one recently developed secret code, which can be used to protect data in automated tellers, commercial data banks and the like, is based on the practical impossibility of performing such a calculation in a reasonable amount of time.

When the new code was developed in 1977, its creators, Ronald L. Rivest, Adi Shamir and Leonard Adleman, recommended that although for maximum security the code should be based on a 200-digit number, an 80-digit number would provide "moderate security against an attack using current technology." Recent developments suggest their estimate is too low.

A year ago, a group of mathematicians working on what was called the Cunningham Project concluded that 50-digit figures were the highest that could be factored in under 20 hours. Every increase of three digits in the length of the number roughly doubles the amount of computation required to factor it.

But the Sandia group, using a Cray 1 supercomputer, was able on Dec. 4 to factor a 67-digit number in 13.7 hours of computer time.

Using a method called quadratic sieving for testing factors, the team was able to reduce the computation necessary to factor the 67-digit number to about one trillion operations. "These are the largest numbers that have ever been factored by general purpose routines," said Gus Simmons, manager of Sandia's mathematics department. He likened the method to the task of marking every 19th stamp in a long roll. Instead of counting the stamps individually, and marking the 19th, 38th, 57th and so on, one could speed the process by folding the stamps in layers of 19 and marking the last in each layer.

Mr. Simmons, with colleagues Diane Holdridge and James A. Davis, this week began implementing the factoring technique on the latest and more powerful Cray XMP computer at the Los Alamos National Laboratory. They expect to be able to factor a 71-digit number shortly and hope to crack a 75-digit number within a year.

What order of number is now safe for use in computer codes? "Had we not done this recent work," Mr. Simmons said, "people might very well have thought, 'You can factor 50, we'll give ourselves a good safety margin. Maybe 100 is enough.' Well, 100 is not enough. I don't believe 100 will be safe in five or 10 years."

United Press International

POLAR ROUNDUP — With the temperature at minus 30 centigrade, Lapps in north Sweden move a reindeer herd.

The Associated Press

iguel Schweitzer, 43, the foreign minister of Chile, at left, leaving the ministry after his resignation Thursday.

Political Stalemate May Bring New Conflict in Chile

By Jackson Diehl
Washington Post Service

SANTIAGO — Seven months of mass protests and a rapid revival of Chile's fractious politics have left General Augusto Pinochet and his opposition in a stalemate, foreshadowing a long and possibly explosive struggle over the future of the country, according to government and political leaders here.

Following the eruption in May of demonstrations against military rule, opposition leaders hoped that the momentum of popular discontent, fed by a severe economic crisis, could sweep General Pinochet from power by the end of this year.

Government officials, in contrast, believed a move toward liberalization could defuse the protest movement and channel unrest into a slow, controlled move toward democracy.

But political negotiations between the two sides have broken down, and neither front has proved capable of mobilizing enough support to impose its platform on the country.

Until mid-August, the country was approaching polarization on pro- and anti-government lines, and tension reached a peak after General Pinochet ordered troops into the streets for what became a bloody repression of demonstrations.

About 60 persons have died during anti-government protests this year.

Well-informed sources here now say that General Pinochet would have faced a military crisis, and a likely rebellion in the armed forces, if he had insisted on his hard line.

Instead, he deftly reversed the situation by bringing his politically skilled interior minister, Sergio Onofre Jarpa, into his cabinet to fashion a program that would speed the return of some civic freedoms while preserving his mandate to rule until at least 1989.

As the government loosened controls on public expression and political organization, Chile rapidly repoliticized. The result, in large part, was that the polarization between pro- and anti-government forces was overshadowed by the reemergence of the country's more fundamental political divisions of left, center and right.

In the opposition's center right, politicians, businessmen and professionals found themselves in an old dilemma: While favoring General Pinochet's removal and a quick return to democracy, they were also unwilling to do anything that would risk a return to power of Chile's strong Marxist left.

Centrist opposition leaders, led by the Christian Democratic Party, accepted talks with Mr. Jarpa. Soon, the opposition was clearly divided into centrist, leftist and far-left factions.

Manual Bustos, an opposition labor leader, said: "This made us lose the greatest opportunity of mobilization against the dictatorship in the last 10 years."

But even the government's strongest supporters now complain that Mr. Jarpa has been unable to build a consensus or implement meaningful reforms, and his closest associates recently hava urged him to resign.

As the traditional Chilean right has reorganized, the work of consensus building has been impeded by the same kind of factionalism and splinter-group proliferation that plagues the opposition. Moreover, Mr. Jarpa's associates complain, the interior minister's attempts to find a common ground with opposition moderates have been blocked by General Pinochet who, despite authorizing the liberalization program, has proved unwilling to accept most concrete reforms.

"The right thought Jarpa provided a perfect way out," one disillusioned rightist said. "They thought that he could manage Pinochet."

"The problem is that Pinochet is just unmanageable," he added.

Talks between Mr. Jarpa and the centrist Democratic Alliance broke down for the second time on Sept. 29. Last month, Mr. Jarpa failed in a bid inside the government to reorient economic policy to stimulate the economy, a move he considered crucial to solving the political crisis.

The near breakdown of the liberalization initiative, and a subsequent hardening of position by General Pinochet, have given new momentum to an opposition coalition that was all but demobilized by Mr. Jarpa's maneuvering and its own internal divisions.

"There is a lot more discontent than there is polarization that divides the society up into two competing camps," one veteran political observer said.

In the short term, government supporters contend that the political confusion only aids General Pinochet, who at 68

(Continued on Page 2, Col. 1)

INSIDE

هكذا من الأصل

ART BUCHWALD

How to Cook a Meese

WASHINGTON — What are the Democratic candidates going to eat for their Christmas dinner? Most of them say they're going to pass up the usual game and have a nice big fat stuffed Meese.

"You mean a moose?" I asked one of them.

"No," he said, "a Meese. It's the poor people's tripe."

"What is a Meese?"

"It looks like a wild boar, with a very thick skin, large jowls and waddles when it walks. Its natural habitat is Washington, D.C., where it feeds on fat cats and cheese. When it gets agitated it puts its foot in its mouth. Originally it wasn't fit to eat, but now it's our favorite dish. We all salivate when you mention the word Meese to us."

Buchwald

"How do you cook a Meese?" I asked him.

"The best way to cook a Meese is to truss it up and put it in boiling water. Some people prefer to skin it alive, but it's more fun to watch it simmer in its own juices."

"What do you do after you truss it up?"

"When it turns livid red, take it out of the water, and with a paring knife throw away the heart because it's hard as stone and has no taste. Then you put the rest of the Meese on a large spit and broil it slowly over an open fire.

"While it's broiling prepare a stuffing. You can use bread crumbs, White House hash, chicken gizzards, lemon rinds, pig's feet, vinegar and lots of lard.

"You set the stuffing aside and pour salt all over the Meese, but be careful not to let it fall off the rack. You want to keep it on there as long as you can."

"How do you know when it's cooked?"

"Stick a fork into the hind legs every chance you get. Remember there is nothing tender about a Meese, so all you can hope for is that the fork can get through the skin.

"Once it does, take the Meese out of the fire and put it into the frying pan. The crust of a Meese is not to be believed.

"After frying it for 10 minutes remove it from the frying pan and put the Meese in the oven at 350 degrees."

"Don't you worry you'll overdo it?" I asked him.

"No. If a Meese can't stand the heat it will get out of the kitchen."

"Okay, so you've boiled it, broiled it, fried it and put it in the oven. Now what?"

□

"In an hour it should be ready to stuff. You put your hand inside and take out the windbag and place the stuffing inside of it, and then put the windbag back."

"What do you serve with it?"

"A Meese goes good with all kinds of nuts."

"What about gravy?"

"As far as the Democrats are concerned a Meese is all gravy."

"It doesn't sound very tasty," I said.

"Meese is an acquired taste. For many poor people it's hard to stomach. But when you're running against Reagan it's even more mouth-watering than a Watt-burger."

"Okay, so that's your Christmas dinner. What do you eat the next day?"

"Meese hash, Meese with catsup, Meese with tofu. A Meese is so fat you can live off it right up until election day."

"But if all the Democrats keep feeding off Meese, won't it become an endangered species?"

"Not if the Republicans keep shooting themselves in the foot."

"I think I'd have to be pretty hungry to eat Meese meat."

"Haven't you heard? There are no hungry people in America."

"Who said that?"

"Some turkey in the White House."

Beethoven Flute Work Found

United Press International

AREZZO, Italy — An Italian concert pianist said Tuesday he has discovered a hitherto unknown work by the German composer Ludwig van Beethoven and plans to perform it shortly. Carlo Alberto Neri said he found the work, a serenade for flute and piano, in a private library. A firm in Florence published it as part of a collection in the 19th century but it was never cataloged.

Electrifying Art in Paris

By Michael Gibson

International Herald Tribune

PARIS — "The device I use to synchronize the strobe light and the pulse of water in my 'Upward-Falling Fountain,'" said Wen-Ying Tsai, making a point about the variety of uses of technology, "is basically the same that served as a detonator for the first A-bomb."

Tsai is one of the many participants in a fascinating hodgepodge of an exhibition titled "Electra" that opened last week, with a catalog in English and French, at the Musée d'Art Moderne de la Ville de Paris (11 Avenue du Président Wilson, Paris 16, to Feb. 5), and his shimmering piece is technically among the most sophisticated and visually most dazzling things to be seen there.

The show itself promises to be one of the hits of the season, even though it is somewhat lacking in a guiding idea, being broadly devoted to "electricity in art." This is equally taken to apply to a painting of an electric chair by Andy Warhol, a drawing of a spark plug by Francis Picabia, Picasso's rendering of a light bulb in "Guernica" or any one of the more complicated, computerized pieces by contemporary artists. Such a generous breadth of conception accounts for the odd impression one occasionally gets of having stumbled into a video games arcade.

The biggest item conceived for the occasion is no doubt the laser-beam piece by Israeli artist Dany Karavan, which shoots a green ray from the top of the Assur building in the modern complex of La Défense to the top of the Eiffel tower to the museum.

Opposite Tsai's strobe pieces, Piotr Kowalski is showing a complex project for a large city plaza in which pedestrian movement cuts across a network of invisible beams and creates a constant movement in light patterns on the facades of surrounding buildings.

There is the inevitable contingent of works done with neon tubes — dreary commercial tubes in a variety of shades that caracterize the minimal work of Dan Flavin or tubes bent according to specifications by Lucio Fontana or Keith Sonnier (to mention but two of a large cootingent), which are of little more than experimental interest, the spectacular effects of Times Square or other famous shrines of the electric billboard being hard to match. Indeed the more spectacular scientific work is also hard to match at times — witness the eerie beauty of Professor von Hippel's bolt of fluffy lightning that graces the catalog.

Some pieces are full of sound and fury. There does not seem to be much of a plausible artistic connection between Otto Piene's inflated red rooster some 20 feet tall, the jittery laser beam and strobe lights that occasionally lace the rooster's surface, and the writings of, say, Saint-Exupéry, heard against a background of music by Paul Earls, and presented as a single aesthetic entity.

The show covers the early references to and uses of electricity in Western art, cinematic and other works of the postwar period, (including contemporary production), current application of computer techniques and telecommunications in areas of art and cinema.

The earliest items on display are the machines used by 19th-century scientists to generate and study the properties of electricity. We are reminded that the word "electricity" is derived from the Greek word for amber, since the first manifestations of this force were detected by a Greek experimenter in antiquity when he rubbed a piece of amber on cloth and produced a spark. This point of departure from the scientific and from popular fantasy surrounding electricity (including fairground gadgets that gave the user a graduated jolt) indicate that the real interest of the show, and also of much of the work done by artists using electric power in some way, lies in the effort all this represents to reach an understanding in terms of fantasy, emotion and symbolic organization with a force traditionally linked with the ruler of Olympus, and which (also in the form of a bolt of lightning) played a decisive part in determining Martin Luther's religious vocation.

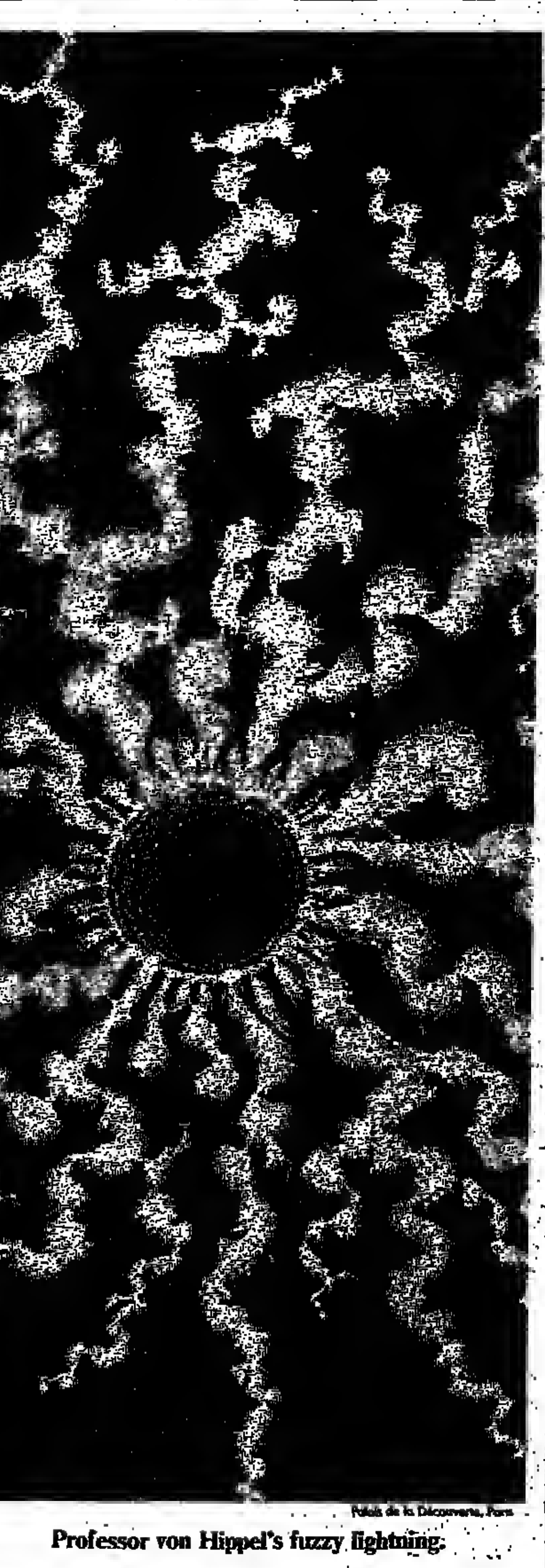
This also casts a different light on the haunting images of Dr. Frankenstein's laboratory which should rightly also be represented here. The organization of fantasy within any culture is a slow process, and our world moves very fast — so fast, indeed, that fantasy must sometimes get the feeling it is riding a runaway bicycle down a steep hill.

We need only think how deeply symbolic values are rooted in every aspect of our culture, not because of the organization of the individual psyche (as cocktail party psychologists may suppose), but because of a lengthy elaboration that caused such phenomena as fire, gold or the sword to enter the cultural sphere and assume durable symbolic functions. This process rightly deserves the name of culture, and its neglect (added to the frantic pace of change today) is at the root of much obvious distress.

We can observe this process at work over a span of about a century. It is apparent in an effort to find ways of playing with electricity, as in Gianni Colombo's "elastic space" or Gregorio Vardanega's "Square Chromatic Spaces," but above all in the many attempts to dominate the fear that attends its power.

This tends to support Tsai's argument that artists have been inclined to show the negative aspects of science instead of working hand in hand with it as in the Renaissance. He sees the need for a new Renaissance, but this cannot be achieved without a new idea of reason (which was what the first Renaissance was about), and this idea of reason will have to take into account the playful-serious process by which culture organizes the world in terms of values, emotions, roles and relationships.

Few of the works on view are aesthetically memorable. But they are often interesting because of the way in which they make this drift perceptible. It is difficult to ignore the haunting, quasi-poetic aura of the old laboratory hardware that draws the lightning out of thin air and causes it to crack like a small blue whip between the instrument's two well-polished brass poles.



Palais de la Découverte, Paris

Professor von Hippel's fuzzy lightning.

PEOPLE

Article Cites Pressures On R.F. Kennedy's Sons

The public spotlight, a lack of discipline, and pressure to carry on the Kennedy tradition were among the reasons why two of Robert F. Kennedy's sons turned to drugs and "went wrong" after his death, says the author of a new book. Both Robert Jr. and David were trying drugs within two years of their father's 1968 assassination, Harrison Rainie writes in an article in McCall's magazine. "At first it was marijuana and amphetamines. Later, they both moved on to heroin," writes Rainie, who is co-author with John Quinn of a recently published book entitled "Growing Up Kennedy: The Third Wave Comes of Age." To both sons, their father's death was a cruel shock, Rainie says. While Robert and David battled drug problems, Joseph, the oldest son, had his own problems. In 1973, while driving on Nantucket Island, he flipped over his Jeep. A passenger was permanently paralyzed, and Kennedy eventually pleaded guilty to negligent driving. Both Robert and David have since had therapy for drug abuse. Joseph is now running his own successful oil company.

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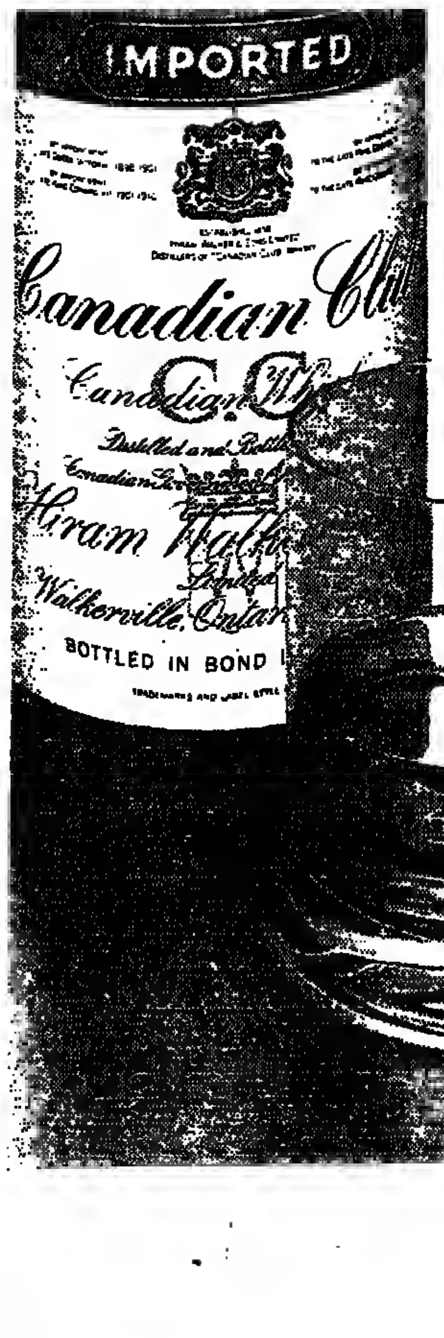
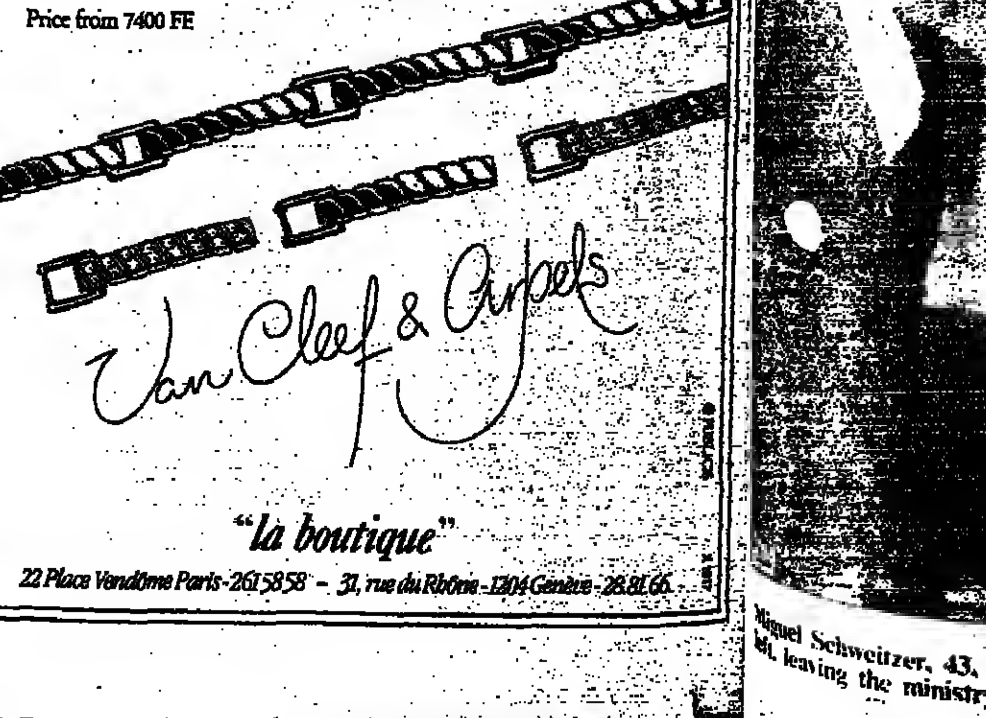
Stefano Casiraghi, son of an Italian industrialist, said in an interview published Tuesday that he will marry **Princess Caroline** of Monaco, but not this week. "Not even by the end of the year, I swear to you," Il Giornale of Milan quoted Casiraghi, 23, as saying. "As for next year, let's see. Caroline and I have a serious romantic relationship, and as such, one that's certainly headed toward marriage." Caroline divorced her French husband, **Philippe Junot**, in 1980.

□

Too bad for robots R2D2 and C3P0 — they aren't Australian and therefore can't appear in paid TV appeals that encourage parents to obtain vaccinations for their children, the Australian Broadcasting Commission has ruled. Even though the "Star Wars" robots would not charge for their services, they fail to meet a requirement of having Australian content, the agency announced Tuesday. **Laurie Brereton**, the health minister, denounced the decision as mindless red tape and said he would seek to have it revoked. Australian content is required in some TV programs and ads to aid the local TV industry.





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صحيفة من الأصل

U.S. Government Employees Fail to Back Anti-Leak Moves

By Stuart Taylor

New York Times Service

WASHINGTON — In March, expressing "grave concern" about leaks of government secrets, President Ronald Reagan signed an order requiring more than 128,000 government employees to agree to lifelong censorship.

But not one top Reagan official, and only a handful of people in lower ranks, have yet signed the new censorship agreement, which was issued in August, administration officials acknowledge.

The officials said the process was slowed not only by ordinary bureaucratic delays but also by a need to move cautiously in light of criticism of the agreement, which prompted Congress to put a moratorium on its use as from Nov. 22. Other officials, however, said that the program was widely resisted inside the government and noted that top officials had not hastened to sign the agreement themselves before Congress acted.

A senior official hinted strongly this past week that the administration might be willing to narrow the category of information that former officials would have to submit to government censors or otherwise alter the censorship program to reach a compromise.

No White House, Defense or Treasury Department official has signed the agreement, spokesmen said.

Mr. Reagan himself, as an elected official, is permanently exempted from signing, as is Vice President George Bush.

Officials of the State, Justice and Energy departments said they knew of no high-ranking official and only a few of lower rank who had signed the expanded censorship agreement.

"I don't blame them for not signing it — I wouldn't sign it either," said Dennis Hays, president of the American Foreign Service Association, an organization of State Department officials.

"This is indicative of the fact that it is a bad proposal, that it is neither in the employees' nor in the nation's interest that this program go any further."

On March 11, Mr. Reagan ordered that government employees who handle material involving intelligence sources and methods be required in sign agreements providing for "prepublication review" of their writing by official censors to be sure that government secrets were deleted from the material. The order provided for vastly expanded tests by polygraph, or lie detector, in investigating such disclosures.

Mr. Reagan said that such steps were needed to deal with a problem of unauthorized disclosures of national security secrets. While virtually all modern presidents have complained about "leaks," this administration's remedies were the most drastic yet proposed.

The order set no deadline for officials to sign the expanded censorship agreement, which was made public on Aug. 25. Later, in a measure that took effect Nov. 22, Congress blocked use of the new agreements altogether until April 15.

Officials of the State and Justice departments and other executive branch departments said that over the months before the congressional moratorium, signatures had been required of only a few officials who were newly hired or who were getting special security clearances for the first time.

This approach effectively exempted incumbent officials, including virtually all top Reagan appointees in the affected departments. They had already obtained special security clearance by signing the narrower secrecy agreements used previously.

Richard K. Willard, the Justice Department official who was the chief architect of the censorship program, said that all incumbent officials would eventually be required to sign the new agreement. Officials in various agencies expressed disagreement and considerable confusion about that.

The Defense Department had been seeking permission from the National Security Council to use the new agreements only "prospectively," according to a Defense Department official. Willard DePree, the State Department's director of management operations, said the department's officials "were going to explore" doing the same.

Another official involved in deliberations over the censorship program said it was unpopular and widely resisted inside the government and a bureaucratic battle over carrying out Mr. Reagan's order had gone on for months. "Everybody's just dancing now, saying we aren't going to do it unless somebody makes us do it," he said.

Under the order, government employees and contract employees who handle highly classified secrets involving intelligence sources and methods would be required to sign censorship agreements.

Virtually all high-level officials dealing with national security and foreign policy routinely handle such data. They and other signers would have to consent to official censorship of any writing relating to intelligence matters for the rest of their lives, even after leaving the government.

AMERICAN TOPICS

Season's Greening At the Interior Dept.

For the first time since the Reagan administration took office, the U.S. Interior Department's Fish and Wildlife Service is inviting environmentalists to its Christmas party. Before James G. Watt was replaced as secretary of the interior by William P. Clark, officials were instructed not to meet with environmental leaders. Jay D. Hair, executive vice president of the National Wildlife Federation, said he had not even known that the agency had Christmas parties. But, he added, "I certainly appreciate the invitation."

In another first, federal aid to state and local governments dropped in the 1982 fiscal year for the first time since record keeping began more than 30 years ago. The Census Bureau said the federal government provided $86.9 billion in the fiscal year, a decline of $3.3 billion from the previous year. The largest declines were in funds for education, highways and revenue sharing.

Defense Agency Kept A Hot Line Burning

Callers dialing from the Defense Intelligence Agency placed an estimated $25,000 a month in calls to New York to hear recorded sex messages, the Pentagon's inspector-general said in a report to Congress.

The number, advertised by the sex magazine High Society, provides a 57-second recording of a woman's voice describing sexual acts. The inspector-general's report did not specify the period during which the calls from the agency were made, but an electronic block is now in place to prevent agency workers from calling the number.

High Society, meanwhile, has filed suit to overturn a new law that makes "obscene or indecent" recorded messages illegal if they are available to minors. The magazine contends that the law, signed Dec. 3 by President Ronald Reagan, violates First Amendment rights of free speech.

Notes on People

Senator Ernest F. Hollings of South Carolina may be trailing the front-runners in the contest for the Democratic presidential nomination, but political observers have given him good marks for humor. Recently he complained that he was tired of hearing **Walter F. Mondale** tell audiences how he had fought for various causes and groups. "He goes around saying I've fought for labor and I've fought for teachers and I've fought for this or that," Mr. Hollings said of the former vice president. "He ought to be campaigning in uniform."

President Reagan drew laughs recently in New York. As he finished an address to the Congressional Medal of Honor Society, he said he had to leave to return to Washington, adding, "It's the only place where sound travels faster than light."

Americana

President Reagan this month signed a bill making $42 million available to residents and businesses in Centralia, Pennsylvania, who are tired of living atop an inferno and want to move. But many do not seem inclined to do so.

For more than 20 years, fires have burned out of control in coal seams underlying the small town. Smoke billows from the hillsides, ground temperatures measure 1,000 degrees Fahrenheit (537 centigrade) in spots along the main highway and cave-ins are a regular hazard. Many families keep both electronic monitors and canaries to warn them of the buildup of deadly carbon monoxide. Federal and state experts cannot agree on how to stop the fires, which they say could burn for another 1,000 years on the available coal.

But only about half of Centralia's 1,500 residents are planning to leave, according to one estimate.

Typical of those who plan to stay is Anne Marie Devine, who said lingering mine fires are a fact of life in central Pennsylvania; she lived near one for years in another Pennsylvania town. Helen Womer, a bank teller, called Centralia a wonderful place to raise children and said she is not bothered by the columns of smoke rising 200 yards (182 meters) from her house.

"You can't sell a town," said the Rev. Anthony McGinley, a Roman Catholic priest who heads a group called Residents to Preserve the Borough of Centralia. "The people who belong to the soil will stay here."

Side-Lined in Rabat, Shultz Rushes Dinner

Secretary of State George P. Shultz had to balance diplomatic exigencies and loyalty to his home football team, the Washington Redskins, during his recent overseas trip. In Rabat on Sunday night, Mr. Shultz was invited to a dinner given in his honor by the Moroccan government — at the same time as an important grudge match between the Redskins and the Dallas Cowboys. During the dinner, the secretary's security men were receiving up-to-the-minute reports on the game through their walkie-talkies, relayed through the U.S. Embassy, which, in turn, got them from Washington and from Armed Forces Radio.

UPI

George P. Shultz

The dinner, exceptionally quick by diplomatic standards, was over by halftime, and Mr. Shultz rushed back to his guest palace, where there was a short-wave set. Despite the efforts of his staff, he could not pick up the signal. His team won, 31-10.

Pro Football Draws Smaller TV Audience

Televised professional football is drawing smaller audiences this season, prompting complaints from advertisers, who pay maximum rates for commercials aired during the games.

Although football ratings are down for all three networks, the heaviest declines have been registered by the ABC network, which broadcasts "Monday Night Football." Sports and TV officials have ventured several possible explanations, including the balmy weather, which kept people outdoors and away from their television sets in early September, the players' strike last year, which may have soured some fans, and the formation last year of a new league, the United States Football League, which may have diluted interest in NFL games.

Scrooge Finds His Defender

(Continued from Page 1)

view. "That sounds like a Republican interpretation," said a Harvard professor, Jerome Buckley.

"There's a good deal of rationalization here and it's not at all in the spirit of Dickens."

The story tells how Scrooge keeps his clerk, Bob Cratchit, in miserable conditions. Cratchit's son, Tiny Tim, is crippled and frail, and the Cratchit family budget — of 15 shillings a week, five more than Mr. Meese cited — will not stretch to include medical care.

"Of course, Tiny Tim is going to die without the operation that they can't afford on the income Scrooge is paying Cratchit," a University of Illinois professor of English, Dale Kramer, said. He pointed out that the income of 40 pounds a year was below that considered "genteel poverty" in Victorian England.

Professor Kramer also said although Mrs. Cratchit did not work, two of their young children had full-time jobs.

"I'm sure Dickens would be surprised at Meese's comments," Professor Kramer said.

Professor Buckley said the Cratchits were a large family and "they were living on the edge of nothing. The whole intention was to show Scrooge as a dreadful skinflint about everything . . . even about the things Reagan thinks we should support, [like] the charities."

Professor Buckley said Scrooge "represents everything the spirit of Christmas is not."

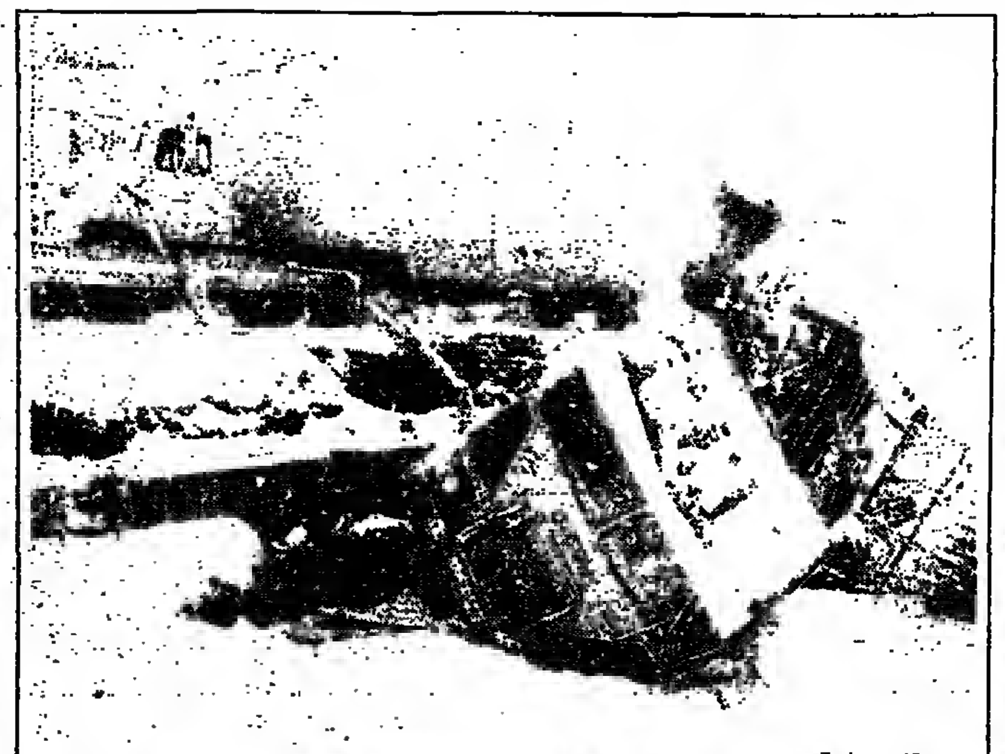
"Dickens wanted him to have a bad press. He was Dickens's image of the arch skinflint," Professor Buckley added.

■ **Food Funds Expected**

A White House spokesman said Thursday the administration expects to send Congress a request next week to release the remaining $44 million of a $50-million authorization for food distribution to the poor, according to The Washington Post.

The speaker of the House, Thomas P. O'Neill Jr., a Democrat of Massachusetts, charged that President Reagan was trying to hold down government spending by not releasing the money, which helps local groups to distribute cheese, dried milk, honey and other surplus government food to the needy.

Before the decision late Thursday, White House officials said there was no need for the additional money because the $6 million already appropriated had not all been spent. The officials accused Mr. O'Neill of "trying to play politics" with the hunger issue.



The Associated Press

UN-DETOURED — This semitrailer, driving in a snowstorm of near-blizzard intensity, missed a detour south of Amarillo, Texas, and tumbled off the highway. Amarillo authorities said the snow, and record cold, had caused 185 accidents since early Thursday. Heavy snows stalled traffic throughout the South and in the Midwest.

Reagan Ends Probe of Aides Over Lebanon Leaks

By Lou Cannon

Washington Post Service

WASHINGTON — An extensive Justice Department investigation into disclosures of U.S. military and diplomatic strategy in Lebanon has ended without identifying the source of the disclosures or determining whether national security had been compromised, administration officials say.

"There is no evidence that reporters were told anything we didn't want them to know," one official said Thursday.

The inquiry, which began in September, triggered a confrontation between the national security adviser at the time, William P. Clark, and the White House chief of staff, James A. Baker 3d. It also reportedly prompted Secretary of State George P. Shultz to say he would resign if asked to take a lie detector test, and caused concern among numerous top officials.

President Ronald Reagan ordered the investigation of his senior White House staff, cabinet officers and foreign policy advisers on Sept. 13. He acted after being told by Mr. Clark that news accounts containing classified information had jeopardized the efforts of the special envoy at the time, Robert C. McFarlane, to obtain a cease-fire in Lebanon and may have endangered his life.

NBC News reported on Sept. 12 that officials had asked Mr. Reagan to consider ordering air strikes on Syrian positions in Lebanon. The account was confirmed in time for CBS and ABC to carry the item on their evening newscasts.

The Washington Post reported the next day that Mr. Reagan had authorized marines to call for air strikes "against forces shelling their positions." This was confirmed for several other newspapers.

One official said Thursday that the information had been confirmed "and apparently disclosed in the first place" because some officials wanted Syrian-backed forces to know that the marines would retaliate if fired upon.

In addition, sources said Thursday, the threat to Mr. McFarlane's life, though real, may have been exaggerated to encourage Mr. Reagan to order the investigation. They said Mr. McFarlane, told of concern for his safety, had declined additional protection.

Since then, Mr. Clark has become the secretary of the interior and Mr. McFarlane has replaced him as national security adviser.

Mr. Clark's call for the inquiry, supported by Edwin Meese 3d, the White House counselor, touched off a battle with Mr. Baker.

Sources said a proposal by Mr. Clark and Mr. Meese specifically empowered the use of polygraphs and put Attorney General William French Smith in charge of the investigation. The plan gave Mr. Smith authority to determine the source of the leaks and said that the person so identified would be instructed to resign. This would, in effect, give Mr. Smith power to dismiss the person.

Mr. Baker opposed the lie detector tests and pointed out that the president previously had signed an order putting Mr. Baker in charge of such investigations when they involved the White House staff.

Mr. Shultz, meanwhile, reportedly said he would resign rather than have his loyalty questioned by a lie detector test.

Mr. Reagan deleted the passages authorizing polygraph tests and giving Mr. Smith power to order resignations. But he then directed the attorney general to use "all legal means" in the inquiry. Despite the omission of the reference to lie detectors, officials said it was clear that the Federal Bureau of Investigation had authority to use them.

The inquiry spread fear among White House aides, as the FBI conducted interviews centering on meetings of the National Security Council on Sept. 10 and Sept. 11. Some aides said they feared that their telephones were tapped and complained that the "threat of lie detector tests" was implicit even though none were administered.

Mondale Maintains Lead Over Glenn in Survey

Washington Post Service

WASHINGTON — Former Vice President Walter F. Mondale continues to hold a wide lead over Senator John Glenn of Ohio and the six other Democrats seeking the 1984 presidential nomination, according to a Washington Post-ABC News poll.

Mr. Mondale's support among registered Democrats is equal to that of Mr. Glenn and the other candidates combined, according to the new poll. His support also appears highest where it counts the most — among those most likely to vote in the presidential primaries scheduled to begin in late February.

In addition, the survey is the first by The Post and ABC News since last winter to show Mr. Mondale running stronger than Mr. Glenn against President Ronald Reagan. This is more bad news for the senator because one of his campaign issues is that he would run strongest against Mr. Reagan.

The poll shows Mr. Mondale and Mr. Reagan in a virtual tie among registered voters, with 47 percent for Mr. Mondale and 48 percent for Mr. Reagan. In a Post-ABC poll a month ago, Mr. Mondale trailed the president, 44 to 50 percent.

Mr. Glenn trails Mr. Reagan by 6 percentage points, 43 to 49 percent, in the new survey, compared with 3 points, 45 to 48 percent, in November. Thus, Mr. Mondale appears to be edging up against the president while Mr. Glenn is slipping slightly.

For the nomination, Mr. Mondale now is the choice of 49 percent of all registered Democrats, compared with 23 percent for Mr. Glenn, according to the poll. When independent voters who lean toward the Democrats are included with registered Democrats, Mr. Mondale is the choice of 47 percent, while 24 percent prefer Mr. Glenn.

The Rev. Jesse L. Jackson runs third among the Democratic candidates. He is the choice of 10 percent of both registered Democrats and Democratic-leaning independents.

N.Y. Transit Fare to Be 90¢

The Associated Press

NEW YORK — Directors of the Metropolitan Transit Authority voted Friday to raise the city's bus and subway fare next year from 75 cents to 90 cents, the first increase in 2½ years.

Washington Will Ask Other Nations to Join Export Curb on Libya

By Kenneth B. Noble

New York Times Service

WASHINGTON — President Ronald Reagan has asked the State Department to urge other nations to join in curbs on exports to Libya, particularly of items that may help the Soviet Union.

In a Dec. 9 memorandum to the secretaries of State, Defense and Commerce, he also barred export licenses for a Libyan oil refinery and petrochemical plant being built at Ras Lanuf.

According to John H. Lichtblau, executive director of the Petroleum Industry Research Foundation, the refinery is expected to begin operation in early 1984. Among the companies involved in the project, he said, is Foster Wheeler, a construction concern.

In recent years, at least two dozen American oil companies have had interests in Libya, including Marathon Oil, Amerada Hess, Conoco and Occidental Petroleum. The memorandum called for preparations for a possible total embargo on exports to Libya. It did not say in what circumstances this might be imposed.

These actions have been supported by Secretary of State George P. Shultz, who is said to want to punish Libya for aiding the Chadian rebels and for purported subversion in the eastern Caribbean, an administration official said. The Pentagon and the Commerce Department have been less interested in tightening export controls, he said.

The president's memorandum is the latest episode in what appears to be a struggle within the administration over whether to curb trade with the Soviet Union and Libya. On the Soviet Union, the State Department has opposed curbs, while the Pentagon has favored them. On Libya, the roles have been reversed.

Mr. Reagan said in his order:

"State should take the lead in preparing a strategy for developing a sophisticated, discriminating and serious multilateral export control approach to Libya.

"State should work with Defense to identify, among other things, those items that could provide — either because of their function or geographical location — important collateral benefits to the Soviet Union as that country increases its reliance on Libya for naval and other forms of military support."

U.S. Orders Its Embassies to Improve Security, Outlines Possible Measures

By Bernard Gwertzman
New York Times Service

WASHINGTON — The State Department has sent messages to all American overseas missions ordering them to set up barricades or take other measures to try to prevent damage from truck bomb explosions similar to those in Beirut and Kuwait.

After last Monday's attack on the U.S. Embassy in Kuwait, a senior official said Thursday, the department had outlined to security personnel abroad possible steps, such as blocking off driveways, that could be implemented quickly by the missions themselves.

"Each embassy is different," he said. "It is up to the mission to decide what the local conditions are, and what best suits it."

He said that if the embassy or mission cannot finance it from its own funds, it should ask Washington for help.

In discussing the Kuwait explosion, in which at least three persons were killed and 30 injured, the department said that the embassy had sent a request last Sept. 16, proposing about $100,000 in changes to improve its security. After considerable debate within the department, the request, with modifications, was approved last week.

Paradoxically, the official said that a cable detailing the department's approval of security changes was to be sent to Kuwait last Monday but was canceled after word of the explosion reached Washington.

Part of the delay was budgetary. After the request was received, one office in the department sent a message to Kuwait denying the request initially on financial grounds, an official said. But by mid-November, after the Oct. 23 explosion in Beirut in which 241 marines were killed, the money was found and plans were drawn up to improve the Kuwait embassy's security.

The administrative officer of the U.S. Embassy in Kuwait was asked to come to Washington to participate in the discussions and this took additional time, the official said.

There are 260 U.S. diplomatic missions overseas, the senior official said. There are 200 projects under way at 120 of those missions.

"We have talked to all embassies," the official said. "We have given specific advice on low-cost measures and other steps that could be taken locally."

The senior official said the department had sent out messages ordering missions to reassess their security requirements following last April's truck bomb explosion at the embassy in Beirut and again after the explosion at the marine barracks in October.

United Press International

An American car was parked in front of the driveway gate at the U.S. Embassy in Paris on Thursday as part of increased security measures taken at U.S. diplomatic missions around the world following suicide bomb attacks on French and U.S. targets in the Middle East.

WORLD BRIEFS

U.S. Judge Rules Against Palsy Victim

RIVERSIDE, California (AP) — Superior Court Judge John H. Hews ruled Friday that Elizabeth Bouvia, who has cerebral palsy and severe arthritis, had no right to starve herself to death "with the assistance of society" and said a hospital could force-feed her if need be to save her life.

Judge Hews said he had weighed the interests of Mrs. Bouvia, 26, against those of the state and society, and found that her rights would have infringed on the rights of others if she were allowed to take her life. "We honestly hope this young woman will realize there is hope in life," the judge said.

Mrs. Bouvia had asked to be allowed to starve to death at a county hospital. In a request filed by American Civil Liberties Union attorneys, she asked only for painkillers and hygienic care until she died. Critics, including representatives of the disabled, said fulfilling her request would hinder other handicapped people and desecrate the medical profession.

Argentine Deputies Oppose Amnesty

BUENOS AIRES (Combined Dispatches) — The Chamber of Deputies voted by an overwhelming margin Friday to repeal a military-decreed amnesty granting immunity from prosecution to security forces accused of kidnapping and murder. The measure now goes to the Senate.

President Raúl Alfonsín ordered the extraordinary session of the lower house so that it could act on a package of legislation proposed Tuesday by the executive branch. The outgoing military government issued the amnesty law Sept. 23. The repeal vote Friday was 208-2.

Also Friday, the government set up a national commission to investigate the fate of up to 15,000 people who disappeared under military rule. The panel will have power to bring to trial those responsible.

Last U.S. Combat Troops Quit Grenada

ST. GEORGE'S, Grenada (AP) — The last 80 U.S. combat soldiers on Grenada have left the island, leaving 300 U.S. military police and support troops, along with a 392-man Caribbean peacekeeping force.

The withdrawal Thursday came eight days before the Dec. 23 deadline that President Ronald Reagan had set for a pullout of combat forces. On Monday, 850 soldiers were flown back to their base in Fort Bragg, North Carolina.

Nearly 5,000 U.S. troops took part in the invasion of Grenada Oct. 25; the number of American forces on the island peaked at 7,355 on Oct. 31. The troops who left Thursday were accompanied by Major General Jack Farris, their commander on the island since Oct. 29. Colonel E.V. Parker was left in charge and will be replaced within a few days by Colonel Arthur Greaves of the U.S. Army's Military Police.

2 Die as Executive Is Freed in Ireland

BALLINAMORE, Ireland (AP) — Police on Friday freed a supermarket executive, Don Tidey, but a soldier and a policeman died from gunshot wounds sustained when they stopped the car transporting him, a spokesman said. The release of Mr. Tidey, who was unhurt, came 22 days after he was kidnapped by the Irish Republican Army.

Two policemen and two soldiers, as well as one of the persons inside the car, were shot after security forces stopped the car at the roadblock near the village of Ballinamore, 100 miles (160 kilometers) northwest of Dublin, a police official said. One soldier and one policeman later died of their wounds. The wounded gunman and another suspect were arrested. Mr. Tidey escaped during the shootout, although it was not immediately clear how he got out of the car.

Mr. Tidey, 49, the chief executive of the Quinnsworth supermarket chain, was abducted on Nov. 24 as he drove his daughter to school in the Dublin suburb of Rathfarnham. Eight days after the kidnapping, police confirmed that a ransom demand had been received and that it had come from the IRA.

Aquino Brother Rejects Panel Demand

MANILA (UPI) — Agapito Aquino, the brother of the assassinated Philippine opposition leader, Benigno S. Aquino Jr., rejected Friday an official request to produce alleged witnesses who claim that the military killed his brother.

Mr. Aquino said at a meeting of a five-member commission investigating the assassination that he could not "in all good conscience" present the witnesses because he feared for their safety. Mr. Aquino also told the commissioners that he did not recognize their authority because they were appointed by President Ferdinand E. Marcos.

Mr. Aquino was invited to appear before the commission following published statements that the Aquino family knew of at least 11 persons who claimed that they saw a member of the opposition leader's military escort shoot him. Benigno Aquino was shot as he left an aircraft bringing him back to Manila from exile on Aug. 21.

UPI

Agapito Aquino

Mitterrand Calls for New Missile Talks

BELGRADE (AP) — President François Mitterrand of France Friday called for an urgent resumption of U.S.-Soviet talks on nuclear missiles in Europe.

His appeal was made twice, in an address to the Yugoslav parliament and at a news conference at the end of his two-day visit to Belgrade. Mr. Mitterrand was due to go to Slovenia Saturday before returning home.

A multinational conference on European security, planned for Jan. 17, is an "an extraordinary opportunity [for] urgent discussions" to overcome the differences that led to the suspension of missile talks last month, Mr. Mitterrand said. The Soviet Union and the United States are expected to send high-level representatives to Stockholm.

Asked about how long French troops would stay in Beirut, he said: "Until they fulfill their mission, to preserve the legitimate system and the existence of Lebanon." He said the French presence there would end soon, but declined to give details.

European Nations Planning Fighter Jet

BONN (Reuters) — Five European nations agreed Friday on the characteristics of a new fighter aircraft they plan to build jointly for the 1990s, the West German Defense Ministry announced here.

The plane, which is still far from final approval, would be developed for the air forces of West Germany, Britain, France, Spain and Italy. An agreement signed by the five describes the jet as a highly maneuverable, single-seat, twin-engine aircraft capable of taking off and landing in a small space.

The fighter would serve both for air defense and ground attack, with the emphasis on its air-to-air combat ability, the agreement says. About 800 would be built. A Western military source said the new plane could replace aging F-4 Phantom and Jaguar combat aircraft now in service in Western Europe.

Seaga's Party Wins Jamaica Elections

KINGSTON, Jamaica (AP) — Prime Minister Edward Seaga's conservative Labor Party, challenged in just six of the country's 60 constituencies, has overwhelmingly won the national elections boycotted by the opposition.

The complete but unofficial results from Thursday's balloting gave Mr. Seaga an unprecedented one-party Parliament. The party's victory had been assured when Michael Manley and his People's National Party, which governed from 1972 to 1980 under a philosophy of democratic socialism, announced that it would boycott the election.

Fifty-four Labor candiates faced no opposition and were awarded an automatic victory when candidate nominations ended Nov. 29, four days after Mr. Seaga's election call. Elections had not been scheduled until 1985. Mr. Manley refused to present candidates, saying that the use of an outdated 1980 voters list would open the door to wide-scale fraud.

For the Record

A conference of 14 African nations opened Friday in Harare, Zimbabwe, preceding a two-day summit starting Monday. Deputy Prime Minister Simon Muzenda reproached members of the year-old Preferential Trade Area, an economic bloc of eastern and southern African states, for "an apparent slackening of enthusiasm." (AP)

The Dutch parliament, the Staten-Generaal, passed a government bill Thursday night making 3-percent cuts in public sector wages and social security payments in 1984. The plan had provoked widespread but unsuccessful strikes by public employees. (Reuters)

Correction

West Berlin has allocated $1.5 million for a new high-technology center. Because of a transmission error, the figure in Friday's technology column was incorrect.

Police, Solidarity Supporters Clash As Authorities Halt, Prevent Rallies

United Press International

WARSAW — Police broke up a Solidarity demonstration in Wroclaw with water cannons and clubs Friday and prevented other protests by the banned trade union from taking place.

In Gdansk, Lech Walesa, leader of the independent union, said he had abandoned plans to appear at a Solidarity monument because the conditions that police set for his appearance would have been "too humiliating."

Witnesses in Wroclaw said demonstrators and hundreds of riot police fought in the town center for more than an hour, with demonstrators shouting "Solidarity, Solidarity" and "Down with the food rations."

The witnesses said Wroclaw police used water cannons, an especialty effective weapon in below-freezing temperatures. A number of protesters were beaten with rubber clubs, the witnesses said.

The reports came from two independent groups of witnesses in Wroclaw. Police spokesmen there denied, however, that water cannons or any other major crowd-control tactics had been used.

"There were some attempts to block traffic by young people" at a key intersection, a police colonel said, "and the forces of order intervened. That is all."

The witnesses' reports indicated that at least several thousand people took part in the protests.

The Solidarity underground had called on its supporters nationwide to stage peaceful demonstrations Friday in an effort to press for restoration of the union and to mourn workers killed by police in the past.

Police in Gdansk kept people hundreds of yards away from a Solidarity monument that was the focus of the union's day of protest. Mr. Walesa had been given permission to approach the monument, but he did not go; mainly, he said, because police required that all his supporters be kept far away. Mr. Walesa was also ill with the flu.

His wife, Danuta, who represented the Nobel Peace Prize winner in Oslo last weekend at the Nobel ceremonies, went to the monument in her husband's place and placed a bouquet in memory of workers killed in Gdansk in 1970 and in Katowice two years ago during the first days of martial law.

"There were no problems," Mr. Walesa said by telephone, referring to his wife's appearance. "I would have been treated similarly, but it would have been too humiliating for me to leave the people and go there alone."

In Nowa Huta, the Krakow suburb built around the Lenin Steel Mill, an overwhelming display of police strength blocked any chance of demonstrations as most of the 33,000 workers left the mill at quitting time.

In Warsaw, more than 1,000 people marched peacefully and silently in the city's main street. They carried no banners.

Also Friday in Warsaw, the Rev. Jerzy Popieluszko, who was released late Tuesday after more than a day of detention following intervention by senior Roman Catholic clerics, dedicated a Mass to "workers of the Gdansk shipyards murdered 13 years ago, and miners of the Wujek colliery two years ago."

Kasparov Beats Korchnoi, Goes To Chess Final

The Associated Press

LONDON — Gary Kasparov of the Soviet Union defeated Viktor Korchnoi, a Soviet defector, Friday night in the world chess championship semifinals to win a place in the finals.

Mr. Korchnoi, 52, playing black in their 11th game, resigned after Mr. Kasparov's 32d move. Mr. Kasparov, 20, the No. 2 Russian player, will go forward to the finals, which will select a challenger to meet the world champion, Anatoly Karpov of the Soviet Union.

Friday's victory gave Mr. Kasparov a score for the match of 7 points to 4, with four wins, one defeat and six draws.

Before arriving for the final match, Mr. Korchnoi was robbed by two youths, who grabbed a small bag containing his Swiss passport and some money, match organizers said.

The other semifinalists, Vasily Smyslov of the Soviet Union and Zoltan Ribli of Hungary, had a rest day Friday. Mr. Smyslov is half a point from victory with 6 points to Mr. Ribli's 4.

El Al Stops Flights Over Mount

United Press International

TEL AVIV — El Al, Israel's national airline, is forbidding its pilots to fly over East Jerusalem's Temple Mount, site of two biblical Jewish temples and Moslem mosques, after former Chief Rabbi Shlomo Goren advised the Transport Ministry that the holiness of Temple Mount extended to the sky above.

Saudis Said to Envision Own Weapons Industry

By Joseph Fitchett
International Herald Tribune

PARIS — Saudi Arabia plans to start its own arms industry by insisting that Western manufacturers set up plants to build parts of any weapons systems the kingdom buys, according to industry sources.

The possibility of assembling warplanes in Saudi Arabia later in this decade is being discussed with U.S. manufacturers, they said Wednesday. The sources, executives at two companies, declined to be identified by name or corporation.

Although Saudi Arabia is known to be eager for foreign companies to open factories in the kingdom, Saudi officials have not publicly acknowledged that the kingdom is seeking co-production arrangements with its arms suppliers, most of which are U.S. companies.

Many nations that buy Western-made arms, including members of the North Atlantic Treaty Organization, Israel and the more advanced developing countries, bargain with potential suppliers to produce locally as much as they can of any weapons system they buy. The goal is to protect jobs and obtain advanced technology.

Saudi Arabia wants the technological transfer and is eager to diversify its economy, the sources said, adding that a Saudi arms industry, even if it only involved assembling imported parts, would be a source of political prestige, particularly among Saudi Arabia's smaller Arab allies in the Gulf Cooperation Council. The other five council members might also form a larger market for the Saudi output, the sources noted.

"New aircraft rolling off an assembly line in Saudi Arabia offer no real military advantages over buying off the shelf, but it would be an impressive sight, which no other Gulf state could match," an executive said. It would fit with other efforts by the government of Saudi Arabia to reduce the high-profile role of foreigners and foreign supplies in sensitive sectors of Saudi Arabia's affairs.

No Arab country, except Egypt, has a substantial arms industry. Egypt had been chosen as the site for a pan-Arab program to make weapons with financing by Gulf states after the 1973 oil boom, but the Gulf countries pulled out of the plan after Egypt signed the Camp David peace treaty with Israel.

Egypt has continued on its own, however, and now assembles the French-West German Alpha jet trainer and manufactures some Alpha parts for inclusion in European-assembled planes. The Egyptian arms industry refurbishes Soviet-built weaponry, has developed its own version of the Soviet SAM-7 shoulder-held anti-aircraft missile and assembles some Western weapons under license.

The purchasing power of Saudi Arabia, a major market for Western weapons, provides enough leverage to obtain co-production concessions from U.S. suppliers, the sources said.

A pilot program in local production might emerge from Saudi Arabia's negotiations for electronics equipment for a sophisticated system of military command and control, they said.

But the first big co-production contracts are likely to come with purchases of fighter aircraft.

Besides airplane assembly, Saudi Arabia might be involved in producing graphite, a petroleum-related product incorporated in most modern military aircraft, one source said.

Although Saudi Arabia lacks trained local workers, it has a cadre of military technicians. Nearly 3,000 Saudis have graduated in the past five years from a program known as Peace Hawk run by Northrop Corp. of the United States and primarily directed toward aircraft maintenance. They could provide the nucleus of an aircraft assembly program.

New Conflict Feared in Chile

(Continued from Page 1)

has shown no hint that he would ever willingly relinquish power.

"The only thing that unites the opposition is being against us," said one government official, who asked not to be named.

The centrist opposition leadership has returned to plans to mobilize society against General Pinochet. The Democratic Alliance plans to begin a series of grass-roots town meetings across the country next month that it hopes will lead to the creation of a unified national alliance for democracy.

At the center of the political spectrum, Christian Democratic leaders have returned to the rhetoric of militant opposition.

"People are angry, furious in the countryside," the Christian Democratic party president, Gabriel Valdes, said. "The party is in a very combative mood, and it doesn't want any dialogue" with the government.

Mr. Valdes conceded, however, that the anti-government coalition still lacks internal cohesion and the potentially crucial support of many organized middle-class and business sectors.

■ **Foreign Minister Resigns**

Miguel Schweitzer resigned Thursday after 10 months as foreign minister, The Associated Press reported from Santiago.

He declined to discuss the reason, but the government said Mr. Schweitzer, 43, offered his resignation for personal reasons.

Lebanese Factions Cease Fire, Revive Hopes for Unity Talks

(Continued from Page 1)

force against its military presence inside Lebanon as "gunboat diplomacy" and said it would not "budge an inch" from its current policies.

In an interview, the acting information minister, Farouk Sharaa, said of the U.S. use of its warships to bombard Syrian military positions in Lebanon:

"The meaning of the term 'gunboat diplomacy' is much clearer to us now than before. Now I understand it with the New Jersey. For the first time we call American diplomacy 'gunboat diplomacy.'"

■ **Israel Refuses Commitment**

The U.S. special Middle East envoy, Donald H. Rumsfeld, met with Israeli leaders Friday but Israel made no commitment on the PLO evacuation from Lebanon, Reuters reported from Jerusalem.

A senior Israeli official said: "I should like to again make it absolutely clear that Israel has given no commitment on the evacuation of the terrorists from Lebanon."

In Washington, the Pentagon said the death toll in the truck bombing of the U.S. Marine headquarters in Beirut on Oct. 23 had risen from 240 to 241. It said one of the marines wounded in the incident died in hospital Friday.

New Army Leader in Ulster

The Associated Press

LONDON — Brigadier Michael Rose, one of the British Army's top counterinsurgency experts with experience in Northern Ireland and the Falkland Islands war, recently took command of the 39th Infantry Brigade in Northern Ireland to lead the campaign against guerrillas, the army confirmed Friday.

Election Will Give Nakasone Working Majority, Poll Says

(Continued from Page 1)

dent Ronald Reagan a part of his campaign, but not in terms of the issues that Mr. Reagan would like to see resolved.

Mr. Reagan is said to be counting on Mr. Nakasone to deal with several questions at issue between Washington and Tokyo.

But in the past few days, in speeches here and in Tokyo, Mr. Nakasone has discussed Mr. Reagan in terms of the stature his November visit has conferred on Japan. He has said nothing, for example, about increasing imports of U.S. beef and citrus fruit.

U.S. officials have urged Japan to increase both, but a recent survey found that 90 percent of the candidates in Sunday's election are opposed to removing or expanding the quotas for them.

As for Mr. Reagan's request for increased military spending, Mr. Nakasone has been telling voters that he will continue to hold the defense budget to within 1 percent of the gross national product.

In his speeches, Mr. Nakasone dwells on the theme of restoring Japan's pride in its cultural history of more than 2,000 years.

He also talks of raising the status of women in preparation for ratifying in 1985 a United Nations convention that calls for the elimination of discrimination against women. No other Japanese prime minister has ever made the status of women an election issue.

Mr. Nakasone's speeches also stress education. Japan ranks at or near the top in every category of education, yet Mr. Nakasone has complained that the present system fosters memorization rather than innovation.

Ghana Leader in Ivory Coast

The Associated Press

YAMOUSSOUKRO, Ivory Coast — Jerry J. Rawlings, Ghana's military leader, who seized power two years ago, held his first talks Friday with Félix Houphouët-Boigny, president of the neighboring Ivory Coast.

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ARTS / LEISURE

Galleries vs. Auction Houses

International Herald Tribune

WITH all the glamor that surrounds important auctions, there are indications that galleries are regaining ground in their fight with the auction houses. For the first time in years, the sales exhibitions of Impressionist and Modern Masters put together by London and Paris galleries leave far behind what could be bought at auction this fall.

The most impressive show has been staged in London by the Lefevre Gallery at 30 Bruton Street, just around the corner from Sotheby's. In it, five great names are represented by five great works — a remarkable feat these days.

Gauguin's "Promenade au Bord de la Mer," painted in 1902, belongs to the height of the Tahitian period. It retains something of the Impressionist brushwork with its dainty parallel strokes. But it is Fauvist in its choice of strong contrasted colors that don't blend into one another, as they do in Impressionism, and in its clear-cut silhouettes. While Gauguin's wielding of the brush may be superior in his earlier periods, particularly at Pont-Aven, it would be hard to match this outburst of color. It is like a hymn to life, sung by the painter only one year before his death. The large-size scene (36¼ by 28¾ inches, 93 by 73 centimeters) is the perfect museum picture and would probably be negotiated in the region of $6 million.

Seurat's "Marée Basse à Grandcamp" is likely to be worth a little less in the international art market — say around $5.5 million. But it is the most extraordinary painting of the 19th and 20th centuries that I have seen offered by a gallery for sale this year. It has everything in its favor. The palette, with its horizontal bands of shimmering ocher sand, of turquoise-green sea and light blue sky, all in graduated tonalities, is subtle. The composition offers an early instance of Japanese influence — a stranded sailing boat, tilted at a 45-degree angle, cuts across the left-hand half of the picture. The painting is important in art historical terms. It illustrates the beginning of Divisionism, when Seurat began to apply his theories on the rendering of light. Not least, it is the last highly finished Seurat study of its kind left on the market.

Lefèvre further displays a major Matisse of 1923, "La leçon de piano," also known as "Henriette et ses frères." The figures have the frozen rigidity of that period which strangely contrasts with the strong colors.

An early Picasso showing a little girl in pale pink dress stroking a dog is the only painting that does not come as a total surprise, because it appeared at auction in 1981. The composition in pastel and gouache on paper, executed in Paris in 1905, nevertheless has all

SOUREN MELIKIAN

the characteristics of a great museum painting.

Most unexpected of all, perhaps, is a Van Gogh landscape. A vast expanse of mauvish blue water, with other boats moored to the sloping riverbank, is marked off, half-way up the canvas, by the pinkish line of the opposite bank topped by a hazy growth of green bushes. A motley sky is done in streaks of white and touches of salmon over light blue. Executed in the summer of 1887, Van Gogh's landscape is almost as lighthearted as a Monet. It conveys the impression of a happy moment of peace — the last one in the tormented painter's oeuvre. The painting comes from the same private Scottish collection as the Matisse, the Modigliani, the Odilon Redon still life and others. A label says that it "is not for sale." This may well be so for the time being, but such statements are seldom final.

A selling exhibition should be assessed through its lesser paintings as well as its greatest works. Lefèvre shows for example an enchanting Pissarro done in 1885, "La Prairie de Bazincourt" — the artist has contrived an early-spring light effect on intensely green grass between popular trees. Even a tiny oil sketch by Eugène Boudin, that most repetitive of all painters, is exquisite: Fisherwomen in red and blue skirts are resting on the beach against a background of dark boats.

This is the best exhibition ever given at Lefèvre and one of the best I have seen anywhere. It certainly bears witness to what collectors and professionals call between themselves the buyer's "eye," i.e. an ability to pounce on the highest quality with a touch of the unusual where possible, in every price range.

But it also points to the reversal of a trend that seemed inexorable until 1980: The best works increasingly flow back to the trade particularly when it is willing to compete with auction houses on their own terms. More than half the paintings at Lefèvre have been consigned for sale by their owners on a commission basis. According to Martin Summers, who joined Desmond Corcoran, the owner, as a partner in 1967, and specializes in the selling side — Corcoran is the buyer, because, Summers confesses, "My enthusiasm for a painting I like is rather too transparent to the vendor" — the Lefèvre commission is 15 percent. This, he notes, is less than the auction house, which in London includes 10 percent taken from the buyer — the so-called premium on the hammer price — plus 1½ percent in value added tax, and another 10 per cent taken from the vendor.

The higher commission however is not the weakest point of auction rooms. It lies in the fact that there can never be a certainty that the auction house estimate will be met. It takes two bidders to raise an auction price to its ultimate level and there are very few buyers in the world who can pay, say $6 million, for a Seurat. If one buyer is sick that day, or another worried by political news that might affect his financial affairs, the sale can be killed. Last week, Sotheby officials did not look too happy after their Gustav Klimt was knocked down on Dec. 6 at £620,000, only one bid over the low estimate believed by professionals to have coincided with the reserve price. Earlier, "The Golden Horseman" had given rise to golden dreams — £1 million was whispered as a conceivable figure. There were several other failures in Sotheby's Dec. 6 sale of Impressionist and Modern Masters as well as in Christie's sale the day before.

Vendors have become more vividly aware of such hazards during the two-year-recession that ended in the fall of 1982. Summers says that Lefèvre had been negotiationg with the Havemeyer trust before the family finally settled for a sale at Sotheby's: "They got 5 per cent more in the end than they would have from us. But they took a terrible chance. They also had to wait six months instead of getting the money up front. That evens out in interest rates."

The hazards are compounded by the ensuing commercial damage to the failed painting, which will retain for at least two to three years the stigma of having been publicly rejected at a price known to everyone attending the sale.

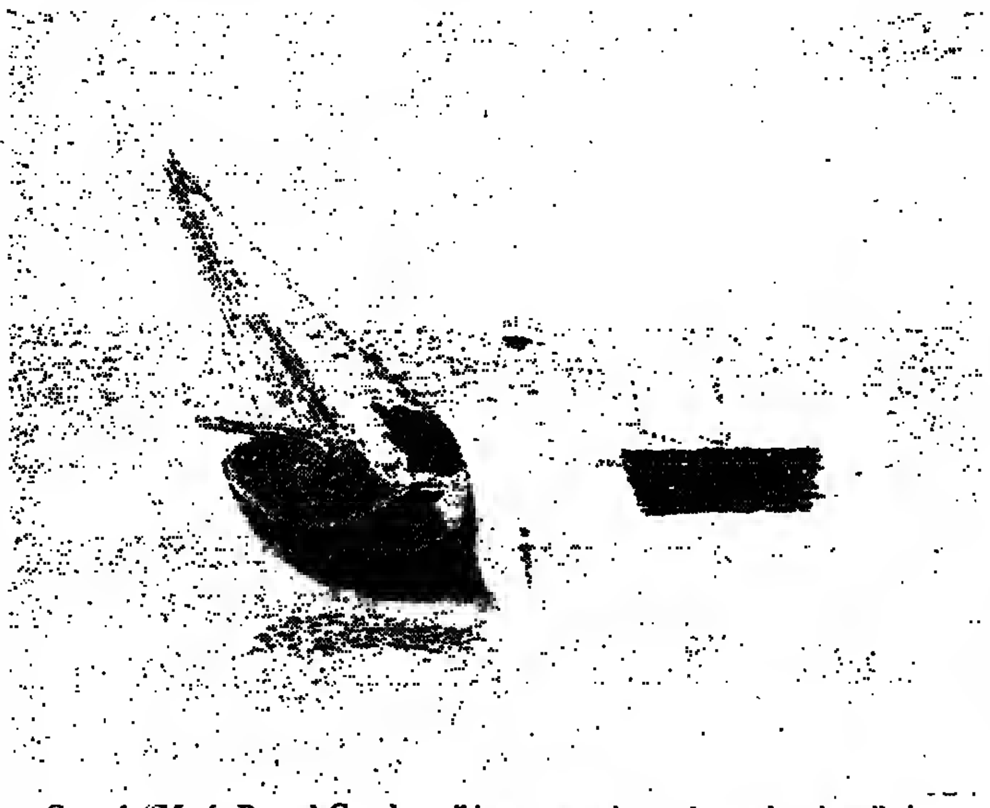
In a country such as France, the temptation to sell through a gallery is even stronger. Daniel Malingue who has been operating from his gallery on the Avenue Matignon for about as long as Lefèvre, now also holds yearly selling exhibitions of paintings largely consigned to him on a commission basis. In his current exhibition which runs through Christmas, Malingue displays among others a portrait of Madame Cézanne by Cézanne; another highly important portrait, "Lucienne," done by Modigliani in 1916, a top-quality Picasso pastel of his neoclassical period, and a remarkable Dali of 1934 — just sold, sources said, at 4.9 million francs.

Such paintings just don't appear at Drouot, which fails to match the efficiency and prestige of English auction houses. But the vendors did not chose to consign them to Sotheby's or Christie's either. Malingue says his commission can be as low as 3 percent on top works — usually his rate is 10 percent. However, here again, it is not the commission that matters most — auctioneers are capable of lowering theirs if need be, even in France. It is all the rest that gives any major gallery such as Malingue's a considerable advantage. They target all the potential buyers as well, if not better, than auction houses. They protect the privacy of both vendor and buyer, thus spared the anxiety of attracting the attention of robbers, tax-collectors and political foes. And they pay promptly.

NBC Resumes Tours

The Associated Press

NEW YORK — NBC has announced the resumption of guided tours of its headquarters at Rockefeller Center in Manhattan. The network ran the tours from 1933 to 1977, attracting 300,000 visitors a year at their peak.



Seurat's "Marée Basse à Grandcamp" is among major works on show in galleries.

'Peg': A Priestess For the Lee Faithful

By Frank Rich

New York Times Service

NEW YORK — In a flowing gown of white and silver and crowned by a halo of glitter, Peggy Lee takes to the stage of the Lunt-Fontanne like a high priestess ascending an altar. And "Peg," her "musical autobiography," is nothing if not a religious rite.

In this evening of song and chat, one of the United States's premier pop singers presents herself as a spiritual icon. There is some entertainment in "Peg," and some striking musicianship, but the show is most likely to excite those who are evangelistically devoted to both Peggy Lee and God — ideally in that order.

For those who respect Peggy Lee as a vocalist but who don't worship her as a public personality, "Peg" may seem bizarre. Though this one-woman career retrospective vaguely resembles Lena Horne's in format, its tone and impact are vastly different. Unlike the more spontaneous Horne, Lee recites the blow-by-blow story of her life with great solemnity and saves many of her famous songs for a final medley. Roughly half of the numbers in "Peg" are new, designed to enshrine the red-letter events in the star's life.

Those events are not happy. She has survived childhood whippings (musicalized in a song titled "One Beating a Day"), her beloved first husband's bout with alcoholism and her own share of paralyzing (and unidentified) illnesses. It is remarkable that she has overcome so many hard knocks. But if the story she tells is often courageous, the way she tells it is something else. In addition to sacrificing introspection for inspirational homilies, ("God has never let me down"), the star regards her personal history from an omniscient and self-deifying perspective.

The new songs, in which Lee's lyrics are usually set to Paul Horner's music, are professional, but only one, "Daddy Was a Railroad Man," catches fire. The familiar ones from "Fever" to "Is That All There Is?," are as sparky as always.

The musicians who serve the star — even to the embarrassing extent of recounting her past kindnesses to fans — are first-rate. The show's crack conductor, Larry Fallon, leads a hard-driving big band and small chorus.

"Peg" was directed by Robert Drivas, presumably with the assistance of the "creative consultant" Cy Coleman. The staging is efficient, but these experienced theater men can only take their star so far. The Lunt-Fontanne is a large house that requires a huge theatrical personality to dominate it. Lacking so sizable a presence, Lee has let her ego inflate to fill the gap.

Daumier, Rouault, Bartolini on View in Rome

By Edith Schloss

International Herald Tribune

ROME — Daumier, the first love of art students for decades, still holds his own. Here "The Railroad Carriage" — first, second and third class — and other lithographs, the oils of "Don Quichotte," "The Painter," "The Amateur" etc., which we have seen in reproduction over and over again, still have the impact of a first impression, so pungent have they remained. The wonderfully cursive line, the judicious use of blocks of black and white and all the gradations in between, the starkness of composition, still make this most superb of all illustrators appear a towering personality in the history of art.

Black portrait busts of judges, doctors, aristocrats and other high dignitaries in the French society of Honoré Daumier's time show them up like small animalistic creatures. Each face has a different shape, jutting or receding features, squeezed by absurd collars, cravats or hairpieces — petty greed, stupidity, vanity glare out vividly.

But what becomes clear once again is that behind his ferocious attack, his social criticism, his baring of all our foibles, idiocies and miseries, there shines forth a charitable understanding, an optimistic belief in human values.

By contrast Georges Rouault, also so often reproduced, looks static. His habit of using black surrounds to bring out the glow of color seems like a mannerism today. He was one of the last moderns to employ obviously religious themes. Here his production of oils and prints has once more been put alongside that of Daumier's, as has been done in art schools and countless other exhibitions. One wonders why. Daumier's line is curved and fluid, Rouault's composition frontal and stationary: one relies on contrast of light and dark, the other on color. Both are of quite different generations (1808-1879 is Daumier's life span, 1871-1958 is Rouault's) and the only parallel one can discern between them is that both at times depict the sad business of lawmakers and their victims.

Daumier and Rouault, French Academy, Villa Medici, Trinita dei Monti 1, Rome, to Feb. 5.

□

Luigi Bartolini was one of the greatest of Italian etchers. While other artists roamed the countryside with sketchbook in hand, he carried zinc plates, quick to draw his impressions of hill, dale and sea, and all that crept, crawled and flew in and above them, immediately on the waxed surface. Cricket, snail, violet and kingfisher, washerwomen and fishermen, were scrawled down at first sight and directly turned into a song of line.

Bartolini was a loner, also a poet and a critic, observing not only nature but his contemporaries with a sharp eye. His short story "The Bicycle Thief" became a film by De Sica. He was crotchety and not easy to deal with. Nowadays, when print editions are carefully numbered and artificially limited, it is a joy to see Bartolini's devil-may-care methods. He said he knew his editions by heart and left it at that, not numbering the various prints from each plate — naturally of receding quality. Handling them with dirty fingers, he just wrote "rare" under one, "very rare" under another, and sometimes even "unique" and that was all.

A salamander, radishes, seashells, beetles, a dead mouse, an olive grove, a girl bending down to put on a stocking — drawn fast or slow, cutting or mild — are a spiderweb or thicket of wiry marks put down with delicate precision in one sustained mood.

Bartolini wrote: "Once . . . the painters painted the figures in adoration. I draw the spots where adoration took place." With his love for the minute and the humble in forgotten corners, Bartolini's art is truly religious. This exhibition of more than 100 prints offers a wonderful panorama of it.

The Etchings of Luigi Bartolini (1892-1963), Esse Arte, Via del Babuino 114, Rome, to Jan. 5.

□

Elisa Montessori is a serious abstractionist. Falling flurries of delicate marks run against cursive lashes — pen line against brush flow — in cleanly balanced constructions, in both drawings and watercolors. Color is an accent, an occasional exclamation point here, linear play is everything. Beyond older geometric abstraction or gestural art, but owing something to both, these thoughtful works are a sort of abstract impressionism, intricate like weather charts or letters from an interior world.

Elisa Montessori, Il Segno, Via Capolecase 4, Rome, to Dec. 31

□

Tired of the usual art-world round anyone? Then come and see something stark and refreshing. Most of us associate African art with the carvings which were such a revelation to the Picasso of the "Demoiselles d'Avignon" period and to the other Cubists, highly stylized and sophisticated ritual masks and statues. These marionettes of Bambara farmers and Bozo fishermen, the only African ones in existence, are the sheerest, simplest folk art by contrast.

It is a pity these direct, true expressions of a dying tradition are here to be dispersed among individual collectors instead of being assembled together as a cheering pageant for all to enjoy in a museum.

Puppets From Mali, Galleria Africana, Via Ripetta 42, Rome, to Jan. 30.

The Associated Press

MONA LISA LOOK-ALIKE — John Holverson, director of the Portland (Maine) Art Museum, looks at a recently acquired painting that the museum asserts is an unfinished version of the famous work by Leonard da Vinci himself, rather than a copy. A number of art historians have reacted skeptically to the claim. A spokeswoman said the museum hopes to organize a symposium at which the pros and cons can be debated.

William Dobson's Portraits of Royal Warriors

By Max Wykes Joyce

International Herald Tribune

LONDON — If one would seek to know the ancestry of much that is best in the best type of Englishman, one need go no further than the current exhibition at the National Portrait Gallery, titled "William Dobson 1611-1646: The Royalists at War."

Dobson, about whose personal life very little is known even now, apart from the fact that be died in debt at the age of 35, was an English-born portrait painter in the grand Van Dykian manner, who was fortunate enough to have been in just the right place at the right time. When civil war broke out in the summer of 1642 between the royalist forces under King Charles I and the parliamentary rebels under Oliver Cromwell, the king thought it prudent to transfer his court and military headquarters from London to Oxford, a city avowedly sympathetic to his cause, where he and the court remained from early autumn 1642 to spring 1646.

Here it was that Dobson painted a series of portraits of the king, the royal princes, the Cavalier officers and highly placed civilians such as Endymion Porter, who had been the king's ambassador in Spain, and Sir Thomas Aylesbury, his master of requests and of the mint. Here is the poet-soldier Sir Richard Fanshawe, portrayed with his favorite black-and-white greyhound; here the sword-scarred John, 1st Baron Byron, a cavalry commander who used impulsively "to engage the enemy even when he needed not"; here Sir Charles Lucas, lieutenant general commanding the king's cavalry "in a day of battle a gallant man to look upon" but nevertheless cowardly executed by the parliamentarians at Colchester in 1648.

One of the most pleasing features of the exhibition is the sense of English historical continuity exemplified in the names of the lenders, who so often are collaterals if not direct descendants of Dobson's royalist sitters.

"William Dobson 1611-1646: The Royalists at War," National Portrait Gallery, St. Martin's Place, London WC2, to Jan. 8.

□

Architectural drawings by major architectural draftsmen have long been attractive to the English collector, especially such as are on show at Fischer Fine Art ranging over the 18th, 19th and 20th centuries. Here is a two-building ink and wash drawing for a "Garden Pavilion in the Chinese Manner" by Sir William Chambers (1723-1796) who was later to become famous for his pagoda in Kew Gardens. A great oddity, Chambers was born in Stockholm as the son of a Scottish merchant, was sent to England as a boy to benefit by a gentleman's conventional education, and at the age of 16 was sent as a supercargo to China. After his journey, he wrote and designed a huge volume on "Designs of Chinese Buildings," in which he wrote of Chinese artists "distinguishing three different species of scenes, to which they give the appelations of pleasing, horrid and enchanted." These distinctions didn't much make sense to Chambers's European contemporaries.

British and European Architectural Drawings 18th to 20th Century, Fischer Fine Art Limited, 30 King Street, St. James's, London SW1, to Dec. 23.

Some Good Sounds on '83 Pop and Jazz Records

By Michael Zwerin

International Herald Tribune

HERE are some recommended jazz and pop record releases of 1983:

Paul Simon, "Hearts and Bones" (Warner Brothers): With this album the mantle of rock's poet-laureate passes from John Lennon and Bob Dylan to Paul Simon. Lyrical, charming, wistful, humorous and incisive, a high point in a career already full of peaks, it proves that popular music can still be intelligent without losing its physical side or popularity: "Have you ever experienced a period of grace / When your brain just takes a seat behind your face . . . ?"

Lester Bowie, "All the Magic" (ECM): One good example of the direction in contemporary jazz that can be described as "specific eclecticism," many directions at once. Having come to fame with the avant-garde Art Ensemble of Chicago, trumpeter Bowie travels through the past, present and future of jazz in one double album. From a gospel "Let The Good Times Roll" to a down-home tribute to Louis Armstrong, toward Albert Ayler's "Ghosts" and his own "Organic Echo" by way of "Miles Davis Meets Donald Duck."

The Doors, "Alive She Cried" (Elektra): Previously unissued tracks of concert performances in their heyday (1968-70), just before the death of Jim Morrison. The mercurial Morrison has rarely been presented in such scope and shape, pushing himself to the excesses that were to burn him out; the zonked poet of "Texas Radio and the Big Beat," a howling rendition of Howlin' Wolf's "Little Red Rooster" (with John Sebastian on harmonica) and a passionate version of his '60s anthem "Light My Fire."

Miles Davis, "Star People" (CBS): No other jazz master has changed so drastically while remaining so true to his essence. Call him funk, rock or fusion, the new Miles is merely the old Miles in new clothes. Astonishing, infuriating, egotistical, an incurable romantic, Davis combines strict time with rubato, tradition with the avant-garde, abstraction with form. "Star People" is more than a success; it is a move towards more distant galaxies.

Randy Newman, "Trouble in Paradise" (WB): High quality work that somehow missed the charts from one of rock's best storytellers. Newman covers a wide range of subjects from varying points of view with irony, humor and insight.

Duke Ellington, "Sophisticated Lady" (Epic): "Mainstem," "Take the A Train," "Sophisticated Lady" and 13 other versions of Ellington classics (three with vocals by Rosemary Clooney) recorded in the '50s and '60s, his most virile years, by his most impressive lineups. The Ellington record to have if you don't have more than one.

Marianne Faithful, "A Child's Adventure" (Island): A woman who sounds as if she has seen too much, experienced too greedily, perhaps been used too often and is rather astonished by her survival weaves a thread from song to song: "In a tired part of the city / Hiding from the fast-talk . . . I don't laugh anymore — or smile . . . Falling from grace / Lord you have a pretty face . . . I wait in darkness so long / Will the sun ever rise again- . . . Will the world shake its sensible head and say the words that have to be said: She's got a problem."

"Swingrass" (Antilles): Bluegrass and jazz, country and city, hick and hipster, fused by mandolin, harmonica, violin, saxophone and bouncy rhythm section laughing with, not at, Ellington and Monk. Leader-bassist Buell Neidlinger (who has played with Eddie Condon, Ornette Coleman and the Boston Symphony Orchestra) describes it as "the American tinge."

"The Quintet" (Debut): This reissue is one of the 10 jazz records to take to that desert island. Charlie Parker, Dizzy Gillespie, Bud Powell, Charles Mingus and Max Roach in top form live at Massey Hall, Toronto, 1953.

Spanish Communists Facing a Severe Split

Congress Is Torn Between Party Leader, Iglesias, and His Mentor, Carrillo

By John Darnton
New York Times Service

MADRID — The Spanish Communist Party, which rose to fame as a fighting force in the civil war and then to legend as an underground resistance movement during the Franco dictatorship, is facing its most severe crisis since it was legalized in 1977.

After years of disputes, splits and purges, the party is now flirting with an open rupture that is unfolding in public at a five-day national party congress that opened here Wednesday.

The dispute pits Santiago Carrillo, the brilliant, acerbic, controversial 68-year-old party warhorse, who resigned as secretary-general a year ago, against his hand-picked protégé and replacement as party leader, Gerard Iglesias, a dapper 38-year-old former miner from Asturias.

The implications go beyond domestic politics since the Spanish Communists, along with the Italians, have been the leading exponents of Eurocommunism, a doctrine that upholds democratic elections and emphasizes independence from Moscow. Whether that line will be pursued, and how vigorously, may be decided at the congress.

The clash between the "Carrillistas" and the "Gerardistas" is between generations, personalities and ideologies. But it is also an old-fashioned power struggle that turns upon the question of how the party is to restore its influence and prestige and survive to challenge the ruling Socialists.

Since it emerged as a legal entity in the young democracy, the party has seen its membership drop from about 240,000 to 80,000. Its slide was confirmed by the October 1982 elections, when its share of the vote slipped from 10.8 percent in 1979 to a humiliating 3.8 percent, causing it to lose all but four of 23 seats in the Cortes, or parliament.

The lost votes went to the Socialists. Unlike French or Italian workers, the Spanish working class has traditionally been Socialist or anarchist, rather than Communist. Still, the drop in votes was too much to be ignored.

After the rout, Mr. Carrillo, a civil war veteran who led the party for more than 20 years, resigned. He continued as a spokesman for the party in parliament and soon fell out with Mr. Iglesias. "He wanted me to be his puppet," Mr. Iglesias once said.

Mr. Carrillo was a prime architect of Eurocommunism. But he has shifted over the past year to a somewhat more orthodox, pro-Moscow position. He has attacked the Socialists roundly for what he sees as conservative economic policies, close cooperation with the Reagan administration and reluctance to hold a public referendum on withdrawal from the North Atlantic Treaty Organization.

While still asserting that he advocates independence from "both power blocs," Mr. Carrillo now insists, as he said in a speech Thursday, that "the greatest enemy of peace today is the United States." This is a stance that many older party militants feel comfortable with. Many of them blame Eurocommunism for the decline in the party's fortunes and believe the party should be restored to a role as a purer vanguard for the masses.

Mr. Iglesias, on the other hand, belongs to a group that believes that much of the party's problems stemmed from Mr. Carrillo's autocratic leadership. He advocates bolstering party membership by widening its appeal and bringing back "the renovators," intellectuals and activists purged by Mr. Carrillo in 1981 for advocating deeper democracy and greater liberalization within the party structure.

He has espoused the Eurocommunism of his former mentor, defending it seemingly half-heartedly in a speech Wednesday. He said the term, if not the concept, had been much abused but that it had nonetheless taken hold in society and that its abandonment "would be exploited by our adversaries."

However, Mr. Iglesias did not condemn Soviet actions in Afghanistan and Poland, which had been standard party fare, and his speech was sprinkled liberally with denunciations of the United States for everything from the "brutal" invasion of Grenada to deployment of nuclear missiles in Western Europe. The speech represented a self-confessed "turn to the left."

With Mr. Iglesias moving to the left, and Mr. Carrillo still mouthing the basic precepts of Eurocommunism, there was not all that much difference between them. The irony of their dispute, pointed out one newspaper, is that they are "both speaking the same language."

Carrying on battles that have split all the regional conferences leading up to the congress, the two men and their supporters are fighting to line up support among the 809 delegates that will choose the policy-making Central Committee on Sunday. The committee will then select the secretary-general.

Mr. Carrillo has lost in the voting on important procedural matters. He was denied a chance to reply in length to Mr. Iglesias's policy speech, and Thursday night his side lost a test of strength when the speech was formally approved.

United Press International

Gerardo Iglesias, secretary-general of the Spanish Communist Party, chatted with Dolores Ibarruri, the party's honorary president, at the start of the Communists' annual congress in Madrid. Mrs. Ibarruri, a founder of the party, was known as La Pasionaria during the 1936-39 civil war.

But the vote was narrow: 386 to 376 with 25 abstentions.

Both sides proclaim the need for unity. But the danger of an open rupture or at least a divided party was indicated by the bloc voting among the important delegations, with Madrid and Valencia supporting Mr. Carrillo and Andalusia and Catalonia backing Mr. Iglesias.

Furthermore, a longtime party official, Ignacio Gallego, has quit his position on the Central Committee and vowed to set up a new, pro-Moscow party.

So deep do the divisions run that when North Korean honorary delegates stepped off the plane a few days ago they were bewildered to find two reception committees.

And Dolores Ibarruri, 88, the civil war legend known as La Pasionaria, who holds a party post of honor, composed a letter appealing for a united party following Marxist principles but open to change.

SWAPO Official at UN Rejects Pretoria's Call For a Truce in Namibia

Reuters

UNITED NATIONS, New York — A South African proposal for a disengagement of hostile forces in Angola was described as unacceptable Friday by a spokesman for the South-West Africa People's Organization, whose fighters are based in Angola.

Theo-Ben Gurirab, who heads SWAPO's observer mission at the United Nations, said that under the proposal the guerrilla force would be obliged to declare a unilateral cease-fire, something it was not prepared to do. SWAPO forces are fighting against South Africa in an effort to force Pretoria to grant independence to South-West Africa, or Namibia.

The proposal was submitted Thursday in a letter from the South African foreign minister, R.F. Botha, to the UN secretary-general, Javier Pérez de Cuéllar. Mr. Botha offered a 30-day disengagement beginning Jan. 31 if Angola ensured that its own forces, Namibian nationalist guerrillas and Cuban troops on its soil did not exploit the situation. He said the cease-fire could be extended if it appeared successful.

Mr. Gurirab denounced the idea as one-sided, saying it would only help South Africa. "The Angolans and Cubans have never entered Namibia," he said, "but the South Africans have invaded Angola."

Mr. Gurirab said he did not believe that Sam Nujoma, the SWAPO leader, who is based in Luanda, had reacted formally to the Botha plan.

[The State Department on Friday welcomed the South African proposal, The Associated Press reported from Washington.

["We believe this step has important potential to contribute to a climate that could facilitate further movement in the southern African negotiations, and we hope that conditions on the ground will permit a cease-fire as soon as possible," a State Department spokesman said.]

U.S. officials have strongly backed a South African demand that Cuban troops pull out of Angola as a precondition for Namibian independence.

The United States, along with Britain, France, Canada and West Germany, form a "contact group" charged by the United Nations with seeking to expedite Namibian independence.

Mr. Gurirab spoke as the UN Security Council was preparing to debate an Angolan charge of South African aggression. Angola has contended that South African troops have been on its soil since 1981. The Security Council last discussed the problem in August of that year, at Angola's request.

South Africa has often denied Luanda's charges that its troops were in Angola. But Mr. Botha, in his message Thursday, acknowledged that South African forces conducted military operations against SWAPO in Angola "from time to time."

According to some Western estimates, there are as many as 3,000 South African troops in southern Angola.

South Africa has said that last year about 500 SWAPO troops tried to infiltrate Namibia. Pretoria's intelligence estimates put the guerrilla strength at about 6,000 men. South Africa has about 12,000 combat troops in northern Namibia plus counterinsurgency policemen in the most hazardous areas.

■ Truce Could Be Extended

Richard Bernstein of The New York Times reported Thursday from the United Nations:

Mr. Botha said the proposed one-month disengagement could be extended "on condition that the provisions of this proposal are adhered to." He said the conditions were that the disengagement "would be reciprocated by the Angolan government, which would assure that its own forces, SWAPO, and the Cubans would not exploit the resulting situation," in particular by mounting attacks on Namibia.

A member of South Africa's UN mission, L.L. Conradie, said that Mr. Botha's letter represented an effort to resume negotiations with Angola. The talks broke down earlier this year.

"We have been talking with the Angolans on a number of occasions, trying to work out a cease-fire," Mr. Conradie said. "This is just carrying on with that initiative."

One European analyst at the United Nations said: "The Angolans have been saying that they can't contemplate a settlement of the issues while they are under attack. Now, here's an invitation to Angola not to feel threatened."

Pravda Urges Republics To End Ethnic Prejudice

Reuters

MOSCOW — A commentary in the newspaper Pravda Friday defended the Kremlin's nationalities policy, often criticized in the West as "Russification," and called for an end to internal racial prejudice.

The status and treatment of the Soviet Union's more than 100 national groupings is a sensitive subject in a society that is dominated by Russians and ethnically related Ukrainians and Byelorussians.

The article indicated that prejudice was a cause for concern, both in the shape of resentment of Russian predominance and of Russian scorn for such groups as the Moslems of Central Asia, the fastest-growing sector of the population.

"Changes in people's social psychology take place slowly and some citizens retain nationalistic prejudices," it said.

The article described the Russian people as "the spinal cord of brotherly relations between all nations and nationalities" and said 82 percent of the population spoke Russian, "the language of friendship and brotherhood."

The economic development of the Soviet Union, it said, required more coordination between its 15 republics and a development of an all-embracing Soviet nationality.

It added that there was a need to encourage minority cultures at the same time and described Western charges of "Russification" as psychological warfare.

Increased internal migration was cited as an important potential unifying factor. In Kazakhstan alone, the article said, settlements in steppe lands opened to agriculture in the 1960s and 1970s had increased the population by a million.

Western observers, however, have noticed resentment at large-scale Russian immigration, both there and in the Baltic republics. Russians make up 40 percent of the population of Kazakhstan, with Kazakhs at 36 percent. In Latvia, Russians account for 32 percent and in Estonia 27 percent of the population.

Inhabitants of the non-Russian republics, however, are reluctant to move into the cities being set up in Russian Siberia to exploit its mineral riches.

In a separate article, the leader of the Communist Party in the Kirgiz Republic in Moslem Central Asia touched on another sensitive topic: the exclusive use of Russian in the armed forces. The comment reflected an awareness that not all recruits can cope with the language in which all orders are given.

Party chief Turdakun U. Usubaliev said many of those starting military service spoke fluent Russian and that the percentage with insufficient command of Russian had dropped by between a half and two-thirds in the past three years.

Western diplomats said this appeared to indicate that Russian language teaching, compulsory in all schools, had been greatly intensified in the Kirgiz Republic.

Doubts Renewed Over Andropov

Reuters

MOSCOW — U.S. and West European diplomats said Friday that they had no evidence that Yuri V. Andropov, the Soviet leader, was back at work after a four-month absence.

The diplomats denied reports from Washington that Western officials had seen Mr. Andropov going to the Kremlin last week. "A Politburo motorcade has been seen driving regularly to and from the Kremlin, but so far there is no evidence that Andropov is inside it," one diplomat said.

A senior Communist Party spokesman, Leonid M. Zamyatin, said last week that the 69-year-old president had returned to work, but he gave no details. Attention is now focused on whether Mr. Andropov will appear at a plenum of the Communist Party Central Committee on Dec. 26 or 27.

Russia Shelves Siberia Water Project

Other Urgent Needs Replace Vast Irrigation Plan

By Theodore Shabad
New York Times Service

NEW YORK — After decades of study, the Soviet Union has quietly shelved a project to reverse the flow of Siberian rivers.

According to Soviet journals, scientists have found that the multibillion-ruble plan, aimed at expanding cotton irrigation in Central Asian deserts, might not be as useful as hoped and that the money might be better spent on more urgent national undertakings, such as energy-related projects.

"Alternative investment policies will have to be weighed before decision-makers can be induced to include the water-transfer project in investment plans," said a technical report published this month.

The report indicated that social and economic effects weighed heavily in setting national priorities and that Moscow had yet to be persuaded that the additional water would help alleviate the pressures of rapid population growth in Central Asia and foster employment opportunities in the region.

The findings, culminating an intensive research effort of the late 1970s, were a disappointing blow to the Moslem republics of Central Asia, especially for the desert areas of Uzbekistan, which had lobbied hard for water from Siberia to supplement limited local supplies.

Uzbekistan also may have been hurt by the death in October of Sharaf R. Rashidov, the party leader, who sat on the Moscow Politburo.

The deferral of the Asian diversion plan has put into question the status of a similar, though less ambitious, project in the European part of the Soviet Union. Although some work on the European diversion was scheduled in the 1981-1985 five-year plan, there has been no recent word on progress.

The Asian project has been known in the West since a Soviet delegate suggested in the United Nations in 1949 that nuclear power might be used to carve a 900-mile (1,456-kilometer) canal for the diversion.

The idea of nuclear blasting was dropped, but surveys continued for years. In the late 1970s, the State Committee for Science and Technology was coordinating feasibility studies by 120 research and design institutes.

Experts finally agreed on a canal route from Tobolsk on the Irtysh River toward the Aral Sea and its two tributaries, the Syr Darya and the Amu Darya.

The first stage envisaged the diversion of 25 cubic kilometers of water a year, equivalent to a good-sized river. The cost, including canal excavation and construction of water-supply systems, was put at 6 billion rubles (about $8 billion) a cubic kilometer, or 150 billion rubles for the first stage alone.

AP

Paul Anastasi

Athens Court Jails Cypriot Journalist

New York Times Service

ATHENS — A special correspondent for The New York Times in Athens was sentenced Friday to two years in prison for his book alleging that one of Greece's leading publishers was "an agent of influence" for the Soviet Union.

Paul Anastasi, 33, a Cypriot journalist, wrote a book charging that Greece's largest selling daily newspaper, Ethnos, cooperates with the Soviet intelligence service, the KGB.

An Athens penal court did not contest the veracity of evidence in Mr. Anastasi's book, entitled "Take the Nation in Your Hands," but ruled that it was insufficient to conclude that the publisher, George Bobolas, was "an agent of influence" for the Soviet Union. Mr. Anastasi was allowed to remain free pending an appeal.

U.S. May Halt Aid Over Salvador Right

By Lydia Chavez
New York Times Service

SAN SALVADOR — The Reagan administration is prepared to drop active support for the Salvadoran government if it does not take specific action against death squads by Jan. 10, according to Salvadoran politicians.

In presenting the administration's demands in San Salvador last Sunday, Vice President George Bush stopped short of telling politicians that aid would be stopped.

But he made clear that the administration could not win, and would not try to win, continued military aid for El Salvador if the government did not curb far rightist violence, the politicians said.

The administration fought a difficult battle in Congress last year for more than $300 million in military and economic assistance for El Salvador. That aid runs out on Sept. 30 of next year.

It was unclear what the government would have to do to show progress in curbing the death squads, but a diplomat said there would have to be substantial improvements and the expulsion of certain people from the country.

[In Washington, Langhorne A. Motley, the assistant secretary state for inter-American affairs, denied reports that Mr. Bush had demanded that Salvadoran leaders expel persons suspected of directing the death squads, United Press International reported.

[Mr. Motley said: "The vice president delivered no list and made no ultimatums." He was speaking at a forum sponsored by the American Enterprise Institute, a public policy research group.)

So far, the Salvadoran government has responded to the U.S. demands by starting inquiries against suspected death squad participants. The armed forces published an advertisement in Thursday's morning newspapers condemning the death squads and pledging to "eradicate them definitively from our country."

The paid advertisement was signed by 31 military officers, including two suspected by Western diplomats of human rights abuses.

The change in the U.S. policy could also reflect a general pessimism about how the war is progressing. The guerrillas have extended their control in the eastern part of the country and on Tuesday gained control of a strategic area at Cacaguatique volcano in Morazán province.

The army recaptured Cacaguatique Thursday afternoon. A military spokesman declined to give casualty figures for the battles, but the leftists' radio said 60 Salvadoran soldiers were killed and 75 wounded.

The leftist insurgents regained the military initiative in September, according to military analysts. At the same time, death squad activity in San Salvador began to increase.

Nat Shapiro, 61, Musical Entrepreneur, Dies

New York Times Service

NEW YORK — Nat Shapiro, 61, an author, record producer and manager of musical artists, died Thursday, apparently of a heart attack, in Manhattan.

Mr. Shapiro produced more than 100 record albums and was the author of several books related to jazz and popular music.

Among his clients were the composer, arranger and pianist, Michel Legrand, and such diverse singers as Marlene Dietrich, Lotta Lenya, Mahalia Jackson, Lena Horne, Nina Simone and Barbra Streisand.

Mr. Shapiro's books include two dealing with jazz, both edited jointly with Nat Hentoff — "Here Me Talkin' to Ya," a history of jazz developed through quotations from musicians, and "The Jazz Makers," biographical sketches of more than 20 major jazz musicians from Jelly Roll Morton to Dizzy Gillespie.

■ *Other deaths:*

Dr. Henry G. Kunkel, 67, who laid the groundwork for the classification of immunoglobulins, keys to the human body's defense against disease, Wednesday at the Mayo Clinic in Rochester, Minnesota, of complications after surgery.

Archbishop Enrico Manfredini, 61, of Bologna, who had been expected to be named a cardinal, Friday at home.

Russell (Big Chief) Moore, 70, the jazz trombonist who played with Louis Armstrong and Lester Lanin, Thursday of diabetes in Nyack, New York.

Germaine Cazenave Wells, who ran the Arnaud's Restaurant in the French Quarter of New Orleans for three decades, Wednesday after a brief illness. Her age was not available.

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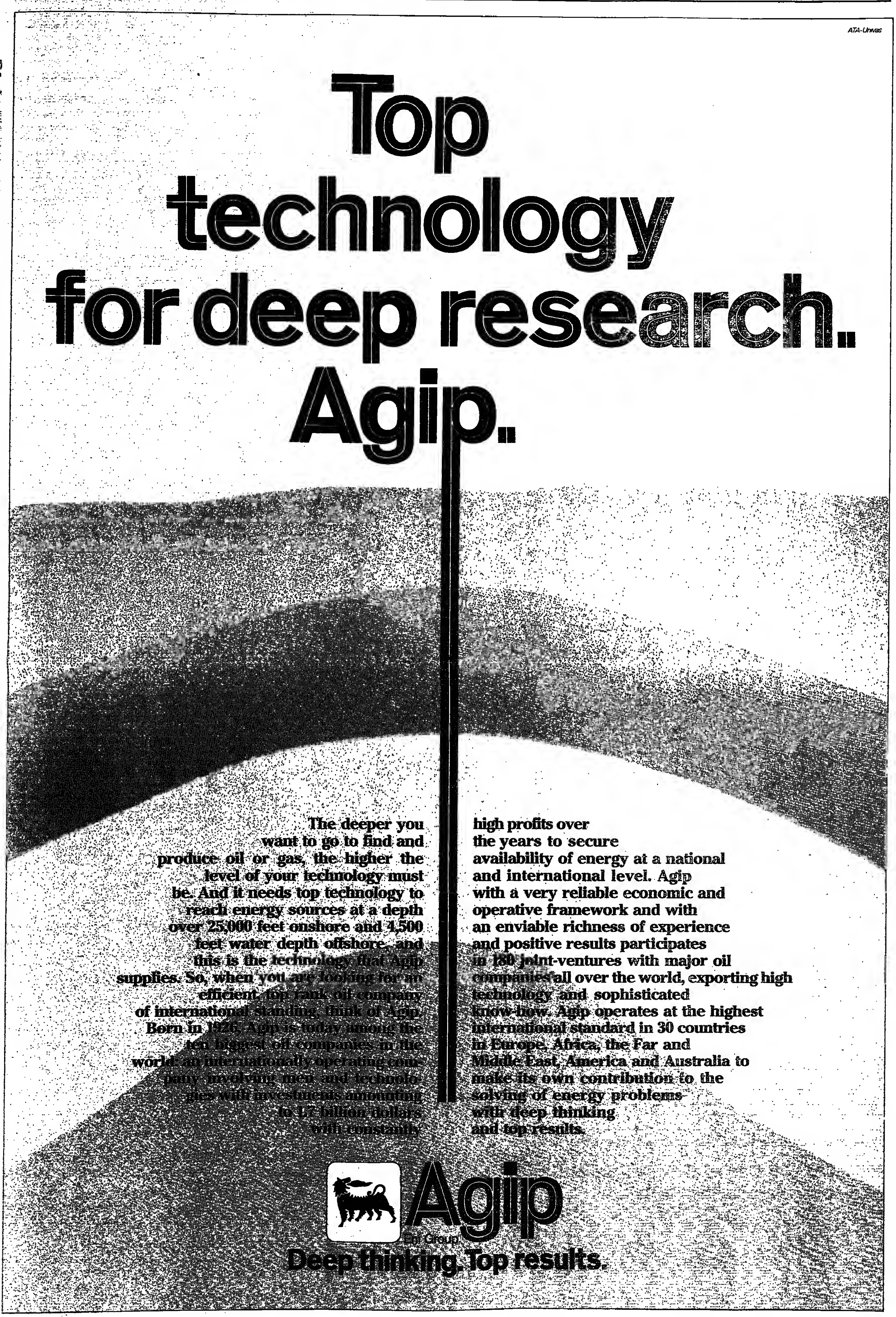

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

A Case Against UNESCO

For good reasons, the Reagan administration is thinking about quitting the United Nations Educational, Scientific and Cultural Organization. Unwieldy not only in name, UNESCO has become a Babel of words notable for their muddiness and dishonesty. A United States withdrawal would not harm any democratic cause or global understanding. If fairly explained, it might even promote scientific and cultural values.

At its inception in 1946, UNESCO was a byword for high-mindedness. It set out to promote literacy, to help poor nations equip schools, libraries and laboratories and to express humanity's interest in imperiled cultural monuments like Abu Simbel and Angkor Wat. But when the communist nations decided to join, in the 1960s, and when they encouraged the world's newest nations to carry the political debates of the General Assembly into other United Nations forums, UNESCO's constructive purposes were simply overwhelmed.

Every meeting became an anti-Western rally. Worse, some "cultural" programs were turned to antidemocratic purposes.

The Third World's justifiable interest in communications technology, for example, was transformed into a "new world information and communications order," an effort to legitimize state manipulation of international news. Although the effort was blunted, it was destructive and demeaning for democrats to have to defend their free institutions and to have to pretend that the Soviet Union and most of the other advocates of a new order were legitimate partners in the protection of press freedoms.

UNESCO's most culpable sheep are its guiding bureaucrats in a headquarters staff of 2,500. Instead of accepting the reality that the cultures of East and West are fundamentally divided on great issues of principle, the secretariat has been trying to split the difference. Hence the wooliness of so many UNESCO activities and declarations, as in this typically barren pronouncement on disarmament:

"The arms race has reached such proportions that it now dominates the international scene. But peace, too, has its dynamic, reflected in the growing movements which exist in all countries. However, disparities in the arms race must be set in their context: on the one hand, what might be called 'maldevelopment,' which affects all societies, and an international economic system whose dysfunctions are having painful effects; on the other, tensions and conflicts, which emerge both on a worldwide scale and in the various regions."

Such equivocal mumbling cannot justify UNESCO's annual budget of $374 million, a fourth paid by America. Some of the agency's publications, conferences and surveys are no doubt helpful to poor countries, but a U.S. withdrawal need not be fatal — or permanent. If done in a constructive spirit, an American withdrawal, or threat to withdraw, might persuade UNESCO to re-examine its purposes.

There is much to be done, nonpolitically, for education, science and culture around the world. UNESCO is doing very little of it.

— *THE NEW YORK TIMES.*

Opening the Hoover File

There have been rumors since J. Edgar Hoover's death in 1972 that he kept secret files with which he subtly blackmailed government officials. The most famous files were said to be those on President John F. Kennedy's sexual exploits. But now, thanks to a Freedom of Information request by a Marquette University historian, Athan Theoharis, and an analysis in this week's issue of the newsmagazine U.S. News and World Report of the files he obtained, we have a clearer picture of just how broad and how longstanding Director Hoover's special interest in political figures was.

Mr. Hoover kept personal files that were not accessible even to top bureau assistants. Their contents were so sensitive as to be handled, in the words of one official, like "three cabinets full of cancer." The analogy is apt. In the 7,000 pages released in accordance with this FOIA request (another 10,000 were retained under claim of exemption from the act), we learn that every bit of rumor, hearsay, trivia and potentially scandalous or embarrassing information about political figures was compiled and saved. This included thirdhand reports about the supposed infidelities of one president's wife, accounts, both true and false, of the youthful indiscretions of prominent politicians, and what appears to be a catalogue of facts and charges that could only be useful to intimidate the subject or to titillate the collector and a few carefully chosen third parties.

These vicious bits of information were often passed along, unevaluated, to the subject, with the director's sly assurance that "I know there's no truth to this. I'll never speak of it to anyone." The message and the implied threat were clear. Federal officials at all levels and candidates for office were not immune.

There is also evidence that presidents misused the bureau and played upon the director's desire to be of service. Lyndon Johnson, for example, tried to intimidate journalists by having FBI agents sent to question them. Harry Truman had President Roosevelt's friends wiretapped. The evidence as a whole gives a sordid picture of highly improper interaction between political leaders and the supposedly neutral head of America's top law enforcement agency. It reveals a clear abuse of the power given to Mr. Hoover by the people of America — who trusted him, and in many cases almost venerated him, for far too long.

J. Edgar Hoover ran the FBI for 48 years. Since his death, a number of men have directed it, some better than others. The current director, William Webster, is surely one of the best. There is today greater public awareness of the bureau's activities, more congressional and judicial oversight and a 10-year limitation on any director's term. But to see these scurrilous old files is to remember how far the bureau has had to come — and to wonder anew how a building in Washington could actually still be named for the man who ordered them up.

— *THE WASHINGTON POST.*

Other Opinion

Now a Drubbing for the LDP?

Japan goes to the polls on Sunday, an event forced by circumstances when the leader of the largest faction in the Liberal Democratic Party refused to resign from the Diet upon conviction for corruption. It is almost certain that that controversial figure, Kakuei Tanaka, will be returned to the lower house. The question is how the LDP will fare as a whole. And it is doubtful if the incumbent prime minister and president of the ruling party will continue to hold office after the election.

That the LDP is going to take a drubbing at the polls is not doubted. Its image was badly tarnished when the scandal broke into the open, and [the scandal's] effect is still felt today some seven years later.

[Yasuhiro] Nakasone's chances to remain prime minister would depend largely on the strength of the Tanaka faction after the polls and an alliance with the right-wing Komeito. Mr. Nakasone's prestige has soared in recent weeks, largely due to his diplomatic successes in playing host to several world leaders. But his own personal showing, while substantial, may not yield much in terms of seats for his faction.

— *South China Morning Post (Hong Kong).*

Europe's Parliament Steps In

The decision of the European Parliament to freeze the EC budget rebates to Britain and Germany underlines the failure of most Euro-MPs to grasp the essential difference between this budget negotiation and the ones which have preceded it. This time there can be no device such as majority voting. This time each and every single national parliament will have to agree an increase in the Community's revenue sources before they can take legal effect. Britain has an unassailable right of veto.

— *The Guardian (London).*

As a warning gesture the freeze serves little purpose. But as an inflammatory move it entails patent dangers. An eruption of nationalist resentments is the last thing that the Community wants at this time. What it does need is a cool determination to solve the closely intertwined problems of the British rebate, of finding fair and adequate means of funding Community spending, and of containing the ever expanding costs and absurdities of the common farm policy. If that challenge is not met there is a danger that the two time bombs ticking away under the Community will go off next year. Britain may be tempted to take its rebate by withholding part of its remittances to Brussels, which would turn the present crisis into something much worse. And the Community will be in danger of running out of funds, at the latest in the autumn.

— *The Financial Times (London).*

The stalemate that struck the EC at its summit meeting in Athens should serve as a warning to Americans that the road to open trade is strewn with heavy boulders. Europe's problems are deeply entangled with America's. That can only be bad news for everyone.

— *The Boston Globe.*

FROM OUR DEC. 17 PAGES, 75 AND 50 YEARS AGO

1908: Daredevil Pilot Thrills Crowd

LE MANS, France — Mr. Wright has treated his audience to the most thrilling spectacle yet offered. When still some 225 feet from the ground, he suddenly stopped the motor. The propellers ceased to whirl. For a moment the great plane seemed to hover like a bird in flight, and then it plunged slowly forward and began to descend so lightly, so airily, with such an even, gliding, motion that the hundreds gathered near the starting point shouted themselves hoarse in admiration. Mr. Wright manoeuvred the headpiece and instantly the machine shot headlong down. When some six feet from the earth, Mr. Wright twisted the forward planes, and the aeroplane ran along the surface and stopped without the slightest shock.

1933: The Vatican Trims Salaries

ROME — Notice that the hard times have struck Vatican City, long considered one of the few states which enjoyed immunity from the depression, was contained in an announcement that Pope Pius XI has ordered a general salary cut after the first of the year. All persons who draw a salary directly from the Vatican, about 1,000 in number, will be affected. Members of the Sacred College of Cardinals, residents in Rome, will have their official annual salary of 100,000 papal lire reduced by 15 per cent. The salary cut is the first the Pope has found it necessary to put into effect. Administrative expenses of the Vatican are mainly paid out of returns on foreign securities which have not escaped the general depression.

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How the Dollar Could Fall And Recovery Could Fail

By Hobart Rowen

WASHINGTON — Through thick and thin for most of the last two years, the U.S. dollar has been the strongest currency in the world. That has been true despite a shooting war in Lebanon, tense relations with the Russians, heavy red ink in the federal budget and a growing deficit in international accounts — all factors that normally might shake confidence in a national currency.

"The dollar is hot," as Rinfret Associates put it in New York last week. Gleefully, American tourists who remember getting only four or five French francs for each dollar are today getting better than eight.

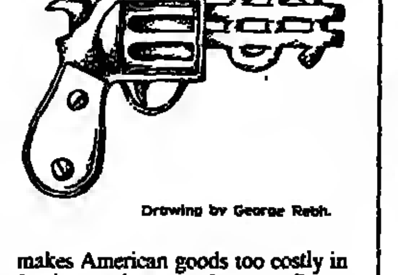
The reasons for a powerful, overvalued dollar are clear: American interest rates offer a generous return on investment, and the relative stability of the American political scene has made the dollar a "safe haven" for big pools of money.

But now there are questions about the future trend of the dollar. Most experts expect, as Martin S. Feldstein said recently, that within the next year or two the dollar will start to come down, although no one is certain just when or by how much.

Clearly, the U.S. trade deficit could hit $100 billion next year. Even traditional American surpluses on services and investment income earned abroad are starting to shrink.

A British economist, Stephen Marris, who spent years studying international economic affairs for the OECD in Paris, writes that "when the time comes, the dollar could well go down as fast as it came up."

The dollar's overvaluation is a two-edged sword. On the negative side, it



Drawing by George Rebh.

makes American goods too costly in foreign markets and thus contributes mightily to the huge American trade deficit. C. Fred Bergsten, a former assistant secretary at the Treasury, estimates that by late 1984 the dollar's negative impact on U.S. exports will have cost 2 million jobs.

On the other hand, the high-priced dollar has made imported goods cheaper, contributing to low U.S. rates of inflation. If the dollar's foreign exchange value starts to dip, inflation will start to edge forward.

But why, it is logical to ask, should the dollar collapse, especially if the United States — which is having a strong economic recovery — still has all of the "safe haven" characteristics that it displayed in the last few years?

Because the situation is unstable, Mr. Marris said in an interview. "The trend is inexorable, although the timing is unpredictable." He thinks the decline is likely to be triggered by some non-economic event.

Mr. Marris — now at the Institute of International Economics, which Mr. Bergsten directs — argues that foreigners, who are eagerly exporting capital to America to benefit from the high rate of return on their investments, will lose their nerve. This would set off a flight from the dollar, in a way comparable to what happened to Britain in the mid-1970s.

And that, according to financial expert David Hale, will expose the contradictions and weaknesses of Reaganomics. The huge financial inflows from abroad since 1981, attracted by high interest rates, have permitted the Reagan administration "to finance its defense buildup without imposing any real hardship on the American people." Guns and butter in America, in other words, have been financed mostly by its allies.

Mr. Marris thinks the dollar could slide quickly: "Past experience is eloquent on this point. In October 1977, investments in U.S. securities paid roughly three percentage points more than comparable investments in West Germany. Yet over the following 12 months the dollar fell against the mark by 23 percent."

If that is the pattern, you will hear cheers from Detroit auto companies and other Midwest manufacturers who have been beating their heads against the wall to produce greater efficiency on the factory floor, only to have their gains wiped out on the foreign exchange trading floor.

But then, says Mr. Marris, the rising inflation rates and the swelling budget deficits will panic Wall Street and the Federal Reserve. "At some point along the line come the classic symptoms of the acute phase of a stabilization crisis: Interest rates will rise, but the dollar will keep sinking because capital is fleeing." That could abort the U.S. recovery and trigger a worldwide economic slump.

This frightening but realistic scenario points impressively to the need for avoiding such a "free fall" of the dollar by determined action to reduce the U.S. budget deficit. That would encourage a smooth fall in interest rates and a gradual decline of dollar overvaluation that would also help ease the Third World debt crisis. But experience tells us that sensible steps to avert a dollar collapse are unlikely until the emergency is upon us.

The Washington Post.

Drawing by Nicolo Vigorito

'Mesdames, Messieurs, meine Damen und Herren, Signore e Signori, etc., this is George Washington with today's news.'

No, the American Recovery Will Last

By Evan G. Galbraith

The writer is ambassador of the United States to France.

PARIS — The most repeated economic question today is: How long will the economic recovery in the United States last? Pessimistic predictions have persisted since the recovery began late last year, but with three straight robust quarters almost behind us now, averaging 8 percent of real growth annually, even those who have a vested interest in a quick downturn agree that 1984 will be very good.

The discussion has now moved on to the years 1985 through 1987. The evidence, in my opinion, supports a long recovery, perhaps beyond 1987.

- This recovery is one of the strongest on record, and strength begets strength. Consumption creates investment, and investment creates consumption.
- We are moving into the capital investment phase of a recovery, and that traditionally adds years to its longevity. High interest rates have proved not to be the obstacle to capital investment that fashionable wisdom would have had us believe. Money is available at an after-tax cost that allows an attractive after-tax return on investment. Cash flows are much better than predicted, and investment is being self-financed. Equity capital is seeking opportunities.
- Unemployment has dropped and employment has grown at unprecedented rates. People back at work consume and invest and will add to the upward spiral we are now in, instead of depressing it.
- The recovery was not accompanied by inflation. The prospect is for relatively stable prices and unit labor costs. Inflation often increases the manufacturer's costs and the consumer's prices more quickly than their income can compensate; investment and consumption soon suffer, and the economy turns down. We do not now have and need not have that problem.
- Lower taxes, less government interference in business, and active capital markets have created a business confidence that is conducive to continued capital investment and expansion. Morale is up, and great expectations are often self-achieved. Moreover, as a result of the last recession U.S. industry is more efficient and management is more enlightened about selecting industrial winners and losers.
- The length of a recovery is influenced by the length and severity of the recession that preceded. The most recent comparable recession was followed by the recovery of 1975-1980, five years. The average life of recoveries that follow severe recessions is 45 months. Applying this average would take the present recovery toward the end of 1986, but this recovery is stronger and less destabilized by inflation than the average.

Moreover, certain important sectors of the economy were in recession longer than the 16 quarters technically attributed to the recent recession — that is, four bad automobile years. In other words, the accumulated demand is greater than the statistics indicate. Therefore, taking the average and adjusting upward, one can justify a five-year recovery like 1975-1980 and perhaps longer, given the inflationary demise of that recovery. Thus, 1988 is not an unreasonable estimate.

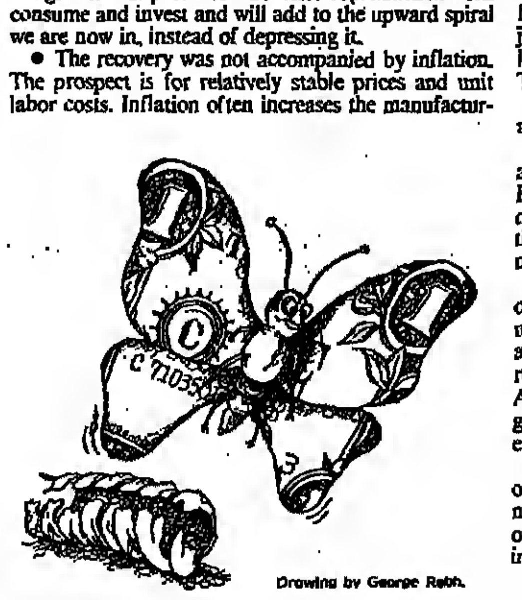
But what about the budget deficits? Will they abort an otherwise spectacular recovery?

Budget deficits compete with investment for national savings, and thus crowd out or reduce investment. Reduced investment will lead to lower growth. Moreover, large budget deficits quickly become larger through accumulated interest charges. The deficits must be dealt with or our children will suffer.

But the deficits are not going to prematurely choke off the present recovery. Adequate capital for investment and cash for loans will remain available for years at after-tax costs that will allow adequate after-tax returns on investment. In fact, this rapid growth in America's GNP and the reduced income and capital gain taxes should produce new savings in amounts that exceed any increases in budget deficits.

The United States must cut government spending in order to bring deficits under control, but deficits did not stop the recovery in 1983 because the national flow of funds in 1983 was adequate. So will it be in 1984 and in the foreseeable future beyond.

International Herald Tribune.



Drawing by George Rebh.

An Erstwhile Officeholder on Professor Feldstein

By John Kenneth Galbraith

CAMBRIDGE, Massachusetts — For half a century now, ever since the days of the academic exodus to FDR, Harvard professors have been watching the performance of their colleagues in Washington with admiration, envy and, on occasion, grave disapproval. Often there has been the feeling that, in the national interest, it is the observer in Cambridge who should be there. So, not surprisingly, Professor Martin Feldstein's problems in the purlieus of White House power and politics have been commanding rapt attention.

It is not, I'll agree, a matter of who is right and who is wrong; rather, it is a question of whether an academic adviser will adjust his advice and preferably also his beliefs to political need or, at a minimum, keep decently quiet. Without necessarily being right, Professor Feldstein has shown a very modest but highly embarrassing failure to conform.

The economic problems with which he contends are reasonably evident and were so when he took office, leading some, myself included, to suggest that he was perhaps the first person ever to take passage on the Titanic after it hit the iceberg.

The Reagan administration came to power three years ago with a sadly conflicting commitment to a rigid monetarism, on the one hand, and to a powerful Keynesian fiscal stimulation (through tax reduction combined with a large increase in the defense budget), on the other.

The monetary policy worked through high interest rates to reduce the rate of inflation, but it did so — for this is how monetarism makes itself effective — at the cost of heavy unemployment, much idle plant capacity, a high rate of business failure and severe farm distress. When the monetarist restraint was abandoned and interest rates were allowed to fall, the deficit took over as a strongly expansive force. John Maynard Keynes, whose 100th birthday is being celebrated this year, is surely looking down with some amazement on his new apostles in Washington.

Except perhaps for the presumed reaction of Keynes — he could well be occupied with more interesting matters — the foregoing history is not, I think, seriously subject to question. Nor is the probable consequence: If the deficit and the easier monetary policy continue, we will have a renewal of inflation. Demand will press on prices, including, in the first instance, on food prices; the wage-price interaction will resume.

The currently convenient peristalsis theory of inflation (which holds, in analogy to physiological process, that once inflation is extruded from the system and flushed away it is gone forever) has a plausibility on a par with the Laffer Curve.

Since an incomes and prices policy is unlikely under the Reagan administration, there will eventually be a sad and painful choice between accepting the inflation or going back to tight money, high, even murderous interest rates and a retreat into recession as the instrument against inflation. Only the hope remains that none of this will happen or be necessary until after next year's election.

Although all of this is reasonably plausible, even probable, it must not in any circumstances be said. What must be said, with all appropriate solemnity, is that the economy is on track, expanding at a safe and normal rate. Deficits, subject to such stern condemnation in the past, are now untroubling, even benign.

Of the danger of renewed inflation there must be no mention. Reference either to the deficit or to inflation leads on to talk of taxes, defense cuts and higher interest rates. Who, politically speaking, wants that?

In general, members of the administration with economic responsibilities have behaved admirably. Secretary of the Treasury Donald Regan, although not previously thought a Keynesian, has embraced the faith with an enthusiasm that is tempered only by the calendar. Deficits are wholly acceptable in the near term; it is only after a couple of years — safely after the election — that they will become troublesome.

It is my own view that Keynes, were he back offering advice in Washington (as he was during World War II), would urge a far more conservative fiscal policy with much lower real interest rates than are manifested in the policy Secretary Regan defends. Mr. Regan may well have outdone the master.

Similarly, Beryl Sprinkel of the Treasury, the most distinguished monetarist in the administration and after Professor Milton Friedman one of the most devout in the land, seems to have accommodated well to the junking of the monetarist design. So have others in high office.

We have sometimes thought the conservative mind a rather intractable thing. And yet, when contending with the attraction of large, rather heavily furnished offices, attentive secretaries, deferential assistants, the relentless but vulnerable attention of the Washington press, the delicately compelling approaches of Washington hostesses and the terrible if well earned obscurity that is known to descend on the erstwhile officeholder — when contending with all of that, the seemingly most stalwart figure can exhibit a substantial capacity to adjust. Economic truth surrenders abjectly to political need.

So we get back to Professor Feldstein. He has not really been all that outspoken. He has mentioned the effect of defense expenditures on the deficit; he has not mentioned the powerful array of economic interests that press upon and senselessly enhance the arms budget.

He seems not to have mentioned the runaway costs of the farm program. He has kept well within the required faith in avoiding mention of the suffering and despair that have resulted from the cuts in social programs. He has not questioned the theory of incentives that lies back of modern budget action — the imaginative doctrine to which I have elsewhere adverted that the rich are not working because they have too little money and the poor are not working because they have too much.

Had he got into these matters, one could understand his being in trouble. Instead he has pretty much confined himself to saying that the large defense budget has given America a large deficit and that the deficit, in the future, will require a tax increase.

On balance, we admire Professor Feldstein as we regard him from Cambridge, but we marvel more at the constraints to which, in this administration, he is subject. We rejoice in the thought as to what would happen — the ultrasonic speed with which he would rejoin our ranks — were he really to speak out.

The writer, professor emeritus of economics at Harvard, spent many years in public service. He contributed this comment to The Washington Post.

Inflation: Lessons Unlearned?

By Robert J. Samuelson

WASHINGTON — Inflation is the recovery's unwanted stepchild. It is down, and almost no one talks about it, even though consumer prices are rising at an annual rate of 5.5 percent. This exceeds the 1- to 2-percent rate of the 1950s and early 1960s. It would increase prices roughly by two-thirds every 10 years.

What has vanished is the notion of price stability as a desirable and obtainable goal of government. President Reagan does not discuss it, nor do his Democratic rivals. This is intellectual and political laziness.

The placid assumption that America can live with steady inflation of 4 or 5 percent is not believable and is therefore self-defeating. What's so special about 5 percent? Why not 6, 7, 8 or 10? As the late Arthur M. Okun wrote in 1971, "Such a state [of steady inflation] has never existed and can never be obtained.... The very acceptance by government of a higher, though hopefully steady, inflation rate would influence expectations in such a way as to make prices rise more rapidly and less steadily."

Absolutely stable prices, in the sense of 0.0 percent of inflation every year, are impossible. Yet after the past recession the crude stability of the 1950s ought to be within reach.

Complacency about inflation means that there is no moral or political basis for resisting policies that add an extra twist to prices. With import restrictions on autos that limit total supply, should anyone be surprised that used car prices are rising at a 20-percent annual rate?

The same laxity threatens to reignite wage increases as recovery proceeds. Mostly, the willful indifference to inflation presumes that being tough on inflation means being insensitive to joblessness. But the opposite is true: The inevitable high cost of reducing inflation — which was demonstrated again by the 1980-82 slump — makes it imperative to avoid high inflation in the first place.

The delusion that stable prices are incompatible with low unemployment reflects the continuing hold of the Phillips Curve (named after economist A. B. Phillips), which stipulated an inflation rate for every unemployment rate. This encouraged economic engineering. It was thought that you could choose a desirable unemployment-inflation mix.

We now know that the Phillips Curve is rubbish. At any moment reducing inflation may raise unemployment, but there is no permanent trade-off. In the 1970s, inflation (by the consumer price index) averaged 7.9 percent and unemployment 7.6 percent. The 1950s' figures were 2.1 percent and 4.5 percent.

Oil and food price explosions aggravated but did not fundamentally cause the 1970s' inflation. The logic of the Phillips Curve was that, as joblessness dropped, employers would pay more for scarcer labor. Wages would rise and, because firms ultimately must cover costs, prices would follow. But what kept the unemployment-inflation relationship static were four mostly mild recessions between 1945 and 1961.

When the government committed itself to "full employment" in the early 1960s, it changed the operative psychology and arithmetic. Even in recession, wages slipped only slightly. Expecting government to revive the economy, firms would not alienate good workers by curbing wage increases. Believing that unemployed workers soon would regain their jobs, unions shunned sharp reductions.

Thus the belief that government would tolerate inflation spawned higher inflation. The question is whether the 1980-1982 downturn has altered this expectation.

The slump differed from its recent predecessors by its duration and the refusal to restimulate the economy atop high inflation. Firms had to control costs aggressively; workers had to recognize that unrealistic wage increases might cost them their jobs.

But it is not yet clear that the basic psychology and politics of inflation have dissipated. What existed in the 1950s were self-imposed disciplines — including those created by strikes — based on the expectations that inflationary wage and price increases would cost firms profits and workers jobs. This was lost in the 1960s and 1970s, a loss ultimately accompanied by higher unemployment and lower productivity growth.

Inflation is an enormously destructive and diverting process. It wastes the energies of people and firms as they seek to protect themselves against its effects. It shakes society's sense of self-control. And once it reaches unacceptable levels, stopping it results in staggering unemployment. These lessons ought to have been learned, but have they?

National Journal.

LETTERS TO THE EDITOR

Who Helps Boat People?

British television viewers recently saw a program in which a young Vietnamese girl described the abduction of her mother from a refugee boat by Thai pirates. It is horrifying to realize that such acts of piracy and cruelty can still flourish. If they do it is because of the acquiescence of all who do not actively oppose them.

ANNE WIMBERLEY,
Edinburgh.

Violence in El Salvador

The Salvadoran/American Foundation is deeply disturbed by serious and dangerous allegations made in many U.S. newspapers that unspecified Salvadorans residing in the United States, especially southern Florida, have been funding and directing "death squads" in El Salvador.

We welcome the fact that the Reagan administration, through the Department of Justice, is investigating these allegations, and we hope that any Salvadorans promoting violence will be brought to justice. The Foundation vigorously denounces violence and those who financially or in any other way make that violence possible. Violence, wherever it originates, solves nothing and deepens the wounds of El Salvador's people.

The war conditions imposed on El Salvador by a relative handful of communist-backed guerrillas have produced a wave of lawlessness which never existed until the guerrillas began their campaign of destruction to destabilize the society at large.

Civility will return to El Salvador the moment the original perpetrators of violence are cut off from their outside, communist, backers. The Foundation supports the course set by President Reagan, which, upon its successful conclusion, will provide for the restoration of the values of Western civilization in a nation tortured by alien philosophies.

FERNANDO QUINONEZ-MEZA,
Salvadoran/American Foundation,
Miami.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Villagers in South Africa

In response to the editorial "A Village in South Africa" (IHT, Nov. 29):

There must be a few spare United States marines. If the criteria for invading a foreign country is the brutal oppression of people, then certainly South Africa's obscene treatment of the villagers of Magopa qualifies.

HARVEY BRODY,
La Celle-Saint-Cloud, France.

هكذا من الأصل

International Herald Tribune
Published With The New York Times and The Washington Post

NIGERIA

THE ECONOMY — A SPECIAL REPORT

The Oil Industry: Learning to Live With OPEC Limits

Patrick Smith

LAGOS — For a few weeks early this year, Nigeria took the center stage in international politics. First there was its expulsion of more than a million illegal immigrants, then its equally hard-line bargaining for the realignment of production quotas and pricing within OPEC.

The two events are related. The sliding world demand for oil has meant sliding oil revenues, and Nigerians have come more than ever to realize the disadvantages of the their dependence on crude oil exports.

The expulsion of more than a million illegal immigrants in turn was one part of the austerity program that resulted. The program has included stringent import and foreign-exchange controls and severe cutbacks on the big capital projects and on day-to-day public expenditure on welfare and education.

Oil accounts for more than 85 percent of government revenues, so predicting the state of the oil market is a top priority for economic planners. A number of oil company and government officials in Lagos are cautiously optimistic about Nigeria's oil sales for the coming year.

Gamaliel Onosode, the new adviser on budget affairs to President Shehu Shagari, said that in the light of demand since the latest agreement by the Organization of Petroleum Exporting Countries in March, "it would be reasonable to assume a stable price for Nigerian oil in the coming year, but that doesn't mean the government is going to be any less cautious about predicting oil revenues than it was last year."

If Nigeria's oil production remains steady at around its OPEC quota of 1.3 million barrels a day and the price for its top quality Bonny light stays at $30 a barrel, the government can expect revenues of about $10 billion.

Since demand for oil fell dramatically in 1981, Nigeria's revenues have fallen by more than 50 percent

and the country has consequently attempted to cut its imports by 50 percent. Much of the revenues remaining are committed to complete some of the major projects started during the oil boom.

Despite this significant shortfall in oil earnings, there are currently no indications that Nigeria wants to take on OPEC again to get a better deal over the production quotas. The production ceiling for all OPEC members was set at 17.5 million barrels a day, but current estimates put demand for OPEC oil at about 18.5 million barrels a day.

Some oil company executives in Lagos believe that Nigeria has been too loyal a member of OPEC for its own good. This view was shared by many Nigerians outside the oil industry.

"Quitting OPEC" became a major plank of policy for the opposition Unity Party of Nigeria during the recent elections. Oil company sources said Nigeria's current production is close to its quota of 1.3 million barrels a day — give or take 50,000 barrels a day.

In view of the small surplus of demand over OPEC's total quota, some oil company officials argue that Nigeria should get a "favored nation" status in the allocation of excess production because of its large population and heavy financial commitments.

As the key African producer, Nigeria has a special role in OPEC, and few OPEC members would like to see it leave no matter how serious the disagreements. Mallam Yahaya Dikko, the presidential petroleum and energy adviser, went to the March conference with the aim of getting a 1.8 million barrels a day quota from OPEC. It already had been agreed that to keep to the level of revenue allowed for by President

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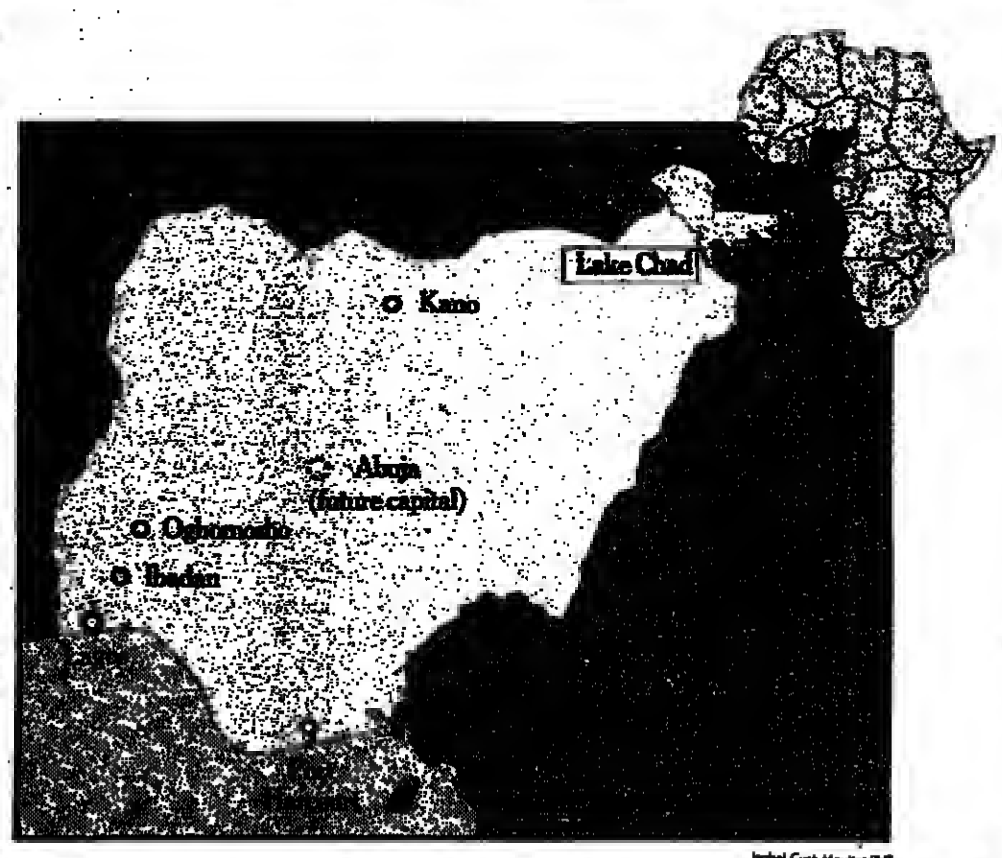

Top, the bridge across the Niger at Koton Karifi; below, highway construction near Enugu.

Oil Price Decline Brings Enduring Economic Crisis

By John de St. Jorre

LAGOS — Nigeria is facing its most serious economic crisis since independence and, with no sign of a substantial upswing in the world demand for oil, that crisis is likely to be painful and prolonged.

Nigeria is a classic case of a developing country mesmerized by a single resource that in good times brings a bonanza but in bad dramatically exposes the manifold dangers of such a dependency. Oil, which accounts for more than 90 percent of export earnings and 85 percent of government revenues, has been a blessing and a curse.

Without it, Nigeria would oot have been able to put in place its oew roads, airports, port facilities and dams. Bot with it, institutions and individuals have succumbed to delusions of grandeur, to a neglect of agriculture, a dependence on imported goods and raw materials, and to greed, corruption and theft.

The critical question is less how the government weathers the current storm — it has more or less coped so far — than whether it believes the problem to be a temporary aberration or a long-lasting structural crisis. The short answer is that while the government's rhetoric suggests it has recognized the gravity of the situation, its actions seem to indicate that it sees the problem as a short-term one that will be removed when world energy demand revives and oil is king once more.

In 1980, Nigeria earned $22.4 billioo from its oil exports. This year oil income plummeted to less than $10 billion. Foreign exchange reserves have tumbled from $9 billioo in 1981 to $1.5 billion today. Earlier hopes of an appreciable improvement in oil exports are fading as the economies of the industrialized nations remain sluggish.

In his inaugural speech oo Oct. 1, President Shehu Shagari laid out guidelines of the government's ecooomic strategy. A oumber of projects would be reviewed, he said, including petrochemicals, liquefied natural gas (LNG) and iron and steel projects. Uoprofitable government ventures would be scrapped and there would be a "selective" expenditure reduction in the 1984 budget. Self-sufficiency in food would be pursued. A national planning commission would be established.

The existing National Development Plan was not specifically mentioned, but since it was predicated on oil production of slightly more than 2 million barrels a day at a higher price than the current one, much of it is oow clearly oo the shelf.

But the government seems determined to go ahead with some of its most ambitious, costly and least productive projects, notably the federal capital of Abuja, the Ajaokuta steel complex and the 1-billion-naira Lagos subway system.

Having failed to live within its means for some time, the government now is having to pay. Imports are believed to be down to the austerity target of 600 million naira a month, but this does oot include invisibles such as debt servicing, insurance and dividends. With oil production officially pegged by the Organization of Petroleum Exporting Countries at 1.3 million barrels a day — a ceiling that Nigeria seems to have exceeded considerably so far this year — and the price rigid at $29 per barrel for Forcados crude and $30 for Bonny light, the government has no alternative but to borrow.

Nigeria has begun a deal with foreign banks, which were owed almost $2 billion in trade debts on confirmed letters of credit. This was not new

(Continued on Page 12)

Steel Industry Growth May Be Trimmed

LAGOS — Steel forms one of the cornerstones of Nigeria's industrialization plans.

However, although part of Nigeria's $125-billion fourth national development plan, steel projects are subject to revision because of the fall in oil earnings over the last two years. And despite the government's expressed commitment, recent statements indicate that some of the projects may be rephased.

The steel program, which was to cost an estimated $8 billion, is known to be unpopular with multilateral agencies such as the International Monetary Fund and the World Bank, which consider it an unnecessary drain on resources.

The critics argue that in the face of a world glut of steel, with leading producers closing their plants, Nigeria could import steel from the Far East at a fraction of the cost. But Nigerian officials said they believed that the overproduction of steel was not permanent and that, as the world became more industrialized, the demand for steel would increase.

"At school we were taught to measure the economic power of a nation by the size of its steel industry — without a doubt Nigeria and Africa need a major new steel plant," one official said.

Austerity notwithstanding, Nigeria's steel industry was launched last year with the commissioning of a direct reduction plant and a rolling mill. It has been consolidated further with the commissioning of three more rolling mills this year.

The first steel plant to be opened was at Aladja in Bendel State near the oil town of Warri. It is a $1.3-billion direct reduction plant built by a German-Austrian consortium. It has the capacity to produce 960,000 tons of steel a year of which 320,000 tons will be made into finished products on the site and the remainder will be transported by barge, rail and road as steel billets to the other rolling mills.

The Aladja plant is gas-fired and is able to make use of the plentiful supplies of gas from the nearby oil installations. Its proximity to the ports also makes for easy provision of water and transportation. Apart from the technology, the main imported input is the iron ore. The ore from Nigeria's own Itakpe mine is not of high enough quality for the direct reduction process of steelmaking.

Fred Brume, the general manager of the Delta Steel Plant at Aladja, is convinced that the Aladja plant will work effectively if it gets a full commitment from the government.

Although it has not been able to meet its target production of 960,000 tons of steel a year, Aladja has proved the most successful of the steel installations so far.

The Soviet-built plant at Ajaokuta, which will be seven times the size of Aladja, has posed more problems, and changes in its building schedule are said to be under active consideration.

The immediate advantage of the Soviet design is that it operates on the blast furnace principle. It is tried and tested and relatively simple to operate. It will use locally produced coal from Enugu mines and locally produced ore from the Itakpe mines.

The $7-billion Ajaokuta steel plant aims with the Aladja plant to be able to satisfy the country's domestic demand for steel by the early 1990s. In its first phase of operations, its production should be 1.3 million tons. This will rise to 2.6 million tons in the second phase and 4.5 million tons in the third phase. These figures are based on estimates of Nigeria's

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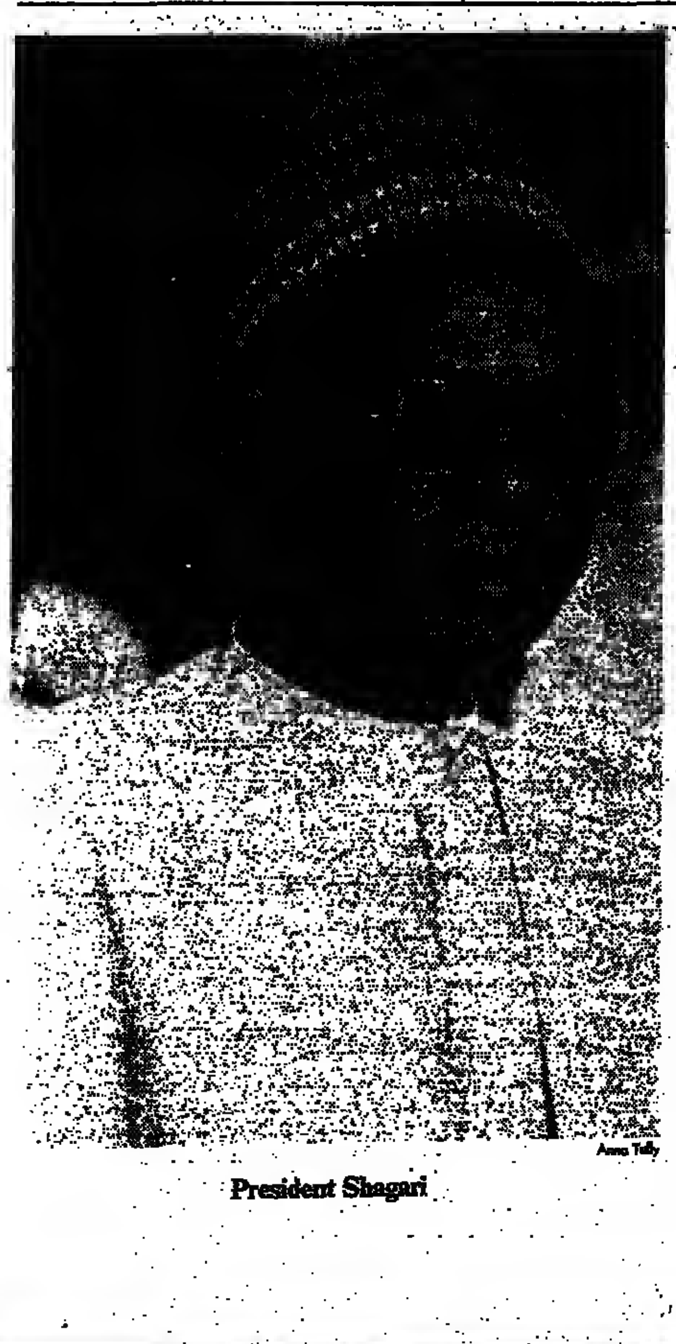


President Shagari

Political Calm Marks Post-Election Period

LAGOS — Nigeria, Africa's demographic giant, now also can claim to be its democratic colossus, ranking No. 4 in the world after India, the United States and Japan.

The crucial test came last August when millions of Nigerians went to the polls in the first elections run by civilians since the army handed over power in 1979 after 13 years of military rule.

The fear among Western observers — and many Nigerians — was that the results would provoke widespread violence leading to a new takeover by the army, abruptly ending Nigeria's bold democratic experiment.

In the end, it was what did *not* happen that was important. The postelectoral violence was contained; some of the most fraudulent results were overturned by the courts; the army, apparently content, stayed in its barracks; the final results have been accepted by most Nigerians; and, of course, President Shehu Shagari was re-elected with a larger majority.

Politicking never ceases in Nigeria where the kaleidoscopic swirl of personalities, ethnic and regional rivalries and shifting alliances, given a further shake by the largest, freest and most raucous press in Africa, occupies a considerable span of the citizenry's attention. But elections are over for another four years and the new government can turn to the country's pressing economic and social problems.

President Shagari and his National Party of Nigeria (NPN) secured an impressive mandate. In the presidential elections, Mr. Shagari beat his closest opponent, Chief Obafemi Awolowo, leader of the Unity Party of Nigeria (UPN) by 4 million votes, a marked improvement on his margin of 700,000 votes over the same rival in 1979.

The constitution requires the winner not only to top the poll, but also to secure at least 25 percent of the votes cast in two-thirds of Nigeria's 19 states. Io 1979, Mr. Shagari just scraped home; this time he won 25 percent or more of the votes in 16 states. Mr. Awolowo achieved that proportion in seven states.

In the hotly contested gubernatorial elections, the NPN won 12 states, five more than in the last election. The UPN dropped one, bringing its total to four. The other major party, Nnamdi Azikiwe's Nigerian People's Party (NPP), lost one state, leaving it in control of two.

The NPN produced an overall majority in both the 95-seat Senate and the 450-seat House of Representatives, a significant improvement on its 1979 tally of a third of the seats in each chamber. It also increased its share in the 19-state assemblies.

In retrospect, there was another victor — the constitution. Based on the U.S. model, it separates legislative, executive and judicial powers and encourages political parties to seek a national, rather than a regional,

(Continued on Page 11)

NYSE Most Actives

	Vol.	High	Low.	Close	Chng
ATT	29383	64⅛	63¾	63⅞	+ ¼
ATT wi	28401	18⅞	18⅛	18⅝	+ ⅛
AExp s	17963	31⅛	29¾	30⅝	+ ½
Arkla	9371	21½	21	21¼	— ¼
Citicrp	7640	36	34⅝	35⅞	+ ⅞
SuprOil	6862	36	35¼	36	+ ¾
GenEl s	6725	55¾	55⅛	55⅝	+ ½
PhilaEl	6714	15	14	14	—1
GifStUt	6544	13¼	12¾	13¼	+ ½
IBM	6334	120⅝	119⅛	120⅝	+1⅛
GMot	6328	74¼	72¾	73⅞	+1⅛
Diam$	6263	19½	19⅛	19⅛	— ⅜
StaufCh	6218	26	25⅝	25¾	— ⅛
PSInd	6048	17¾	16⅝	16⅞	— ½
Exxon	5810	37⅝	37	37⅝	+ ⅜

Dow Jones Averages

	Open	High	Low	Close	Chng
Indus	1237.91	1248.27	1231.40	1242.17 +	5.38
Trans	587.36	594.17	583.43	590.15 +	4.39
Util	131.17	132.08	130.15	131.02 —	0.63
Comp	495.00	499.56	492.06	496.64 +	2.08

NYSE Index

	High	Low	Close	Ch'ge
Composite	93.86	93.48	93.86	+0.33
Industrials	109.28	108.87	109.28	+0.47
Transp.	98.26	97.93	98.18	+0.63
Utilities	46.86	46.79	46.85	—0.07
Finance	93.04	92.57	92.96	+0.10

NYSE Diaries

	Close	Prev.
Advanced	804	501
Declined	769	1114
Unchanged	458	417
Total Issues	2031	2032
New Highs	21	19
New Lows	48	49
Volume up	46,696,770	
Volume down	24,594,000	

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Dec. 15	179,472	377,421	1,128
Dec. 14	196,493	402,441	2,058
Dec. 13	188,677	443,559	1,751
Dec. 12	193,061	457,777	2,346
Dec. 9	184,506	380,104	2,190

*Included in the sales figures

Friday's NYSE Closing

Vol. at 4 p.m.	81,930,000
Prev. 4 p.m. Vol.	88,300,000
Prev Consolidated Close	104,769,260

Tables include the nationwide prices up to the closing on Wall Street

AMEX Diaries

	Close	Prev.
Advanced	268	251
Declined	307	389
Unchanged	245	229
Total Issues	820	819
New Highs	9	9
New Lows	19	18
Volume up	2,331,240	
Volume down	3,060,150	

Standard & Poors Index

	High	Low	Close	Ch'ge
Industrials	183.75	180.74	182.80	+0.96
Transp.	31.15	30.65	30.98	+0.18
Utilities	67.22	66.30	66.74	—0.15
Finance	18.05	17.65	17.90	+0.05
Composite	163.30	160.61	162.39	+0.72

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	276.01	+0.66	280.51	228.93
Industrials	320.36	+1.31	325.72	266.70
Finance	274.18	+0.08	276.04	205.78
Insurance	255.70	+0.23	265.13	223.78
Utilities	272.90	—1.40	278.80	308.34
Banks	201.86	—0.40	301.86	155.42
Transp.	283.16	—1.04	288.58	191.48

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	69.38	—0.03
Utilities	60.00	+0.24
Industrials	72.77	—0.30

AMEX Most Actives

	Vol.	High	Low.	Close	Chng
WangB s	3117	33¼	32½	32¾	— ⅛
UFoodB	3088	3⅛	2½	2⅞	— ⅛
CoasOG	2203	8⅝	8⅜	8⅝	— ⅛
Telecn n	2176	9⅝	8¼	8½	—1⅛
Amdhl s	1351	19⅝	18⅝	19⅝	+ ⅝
EchoB n	1276	7⅝	7⅜	7⅜	— ⅛
Vrbtm s	1236	18⅛	17⅝	18	+ ⅜
Cyprus	3158	2⅝	2½	2⅝	+ ⅛
DomeP	1088	3⅜	3¼	3⅜	—⅛
InstSy	1045	3	2⅞	2⅞	— ⅛

AMEX Stock Index

High	Low	Close	Ch'ge
219.63	218.87	219.62	+0.83

U.S. Court Trims EPA Power to Curb Auto Emissions

United Press International

WASHINGTON — A U.S. appeals court on Friday trimmed the power of the Environmental Protection Agency's automobile emission-control program by ruling that the EPA has no authority to order recall of cars that were more than 5 years old or had been driven more than 50,000 miles (80,000 kilometers).

The U.S. Circuit Court of Appeals for the District of Columbia acknowledged that the agency's recall program may be "rendered useless" by the ruling.

The court, on a 2-1 vote, said the agency was acting beyond its authority when it ordered manufacturers to repair emission problems in the older cars.

Judge David Bazelon, writing for the majority, said Congress had given the agency the power to recall automobiles only "during their useful life," which had been defined when the legislation was passed as five years or 50,000 miles.

The court also said it realized that "only the most uninventive lawyer will be unable to ... prolong administrative and judicial appeals for at least several years," thereby assuring that many cars will move beyond their useful life during the delay.

Nonetheless, the majority said, the proper remedy was for Congress to change its definition of useful life rather than for the agency to enforce the rules beyond the five-year, 50,000-mile definition.

The ruling comes in an appeal by General Motors Corp. of an EPA decision to order the recall of 1975 Cadillacs with emission problems. The recall decision was made in 1977, but terms of the recall were not worked out until 1979.

(Continued on Page 16)

هكذا من الأصل

Foreign Investment: Casualties as the Belts Are Tightened

Special to the IHT

LAGOS — Foreign investors in Nigeria are walking a shaky tightrope. On the one hand, shortage of foreign exchange for imported raw materials and spare parts to keep factories running at even minimal levels is drying up. Trade and dividend payments to headquarters have been stalled in the Central Bank for months if not years. And many investors are questioning the wisdom of staying on in Nigeria.

On the other hand, investors know that firms that left during the last economic downswing often found it difficult to re-enter the market because of government bureaucracy and start-up costs.

So far, most are staying on. However, they are cutting staff and sending expatriates home to reduce overheads. They generally are not selling plant or giving up equity. The belt tightening is painful.

The level of desperation is reflected in the lengths executives go to to keep production moving. One manager recently traveled to Europe from Nigeria to purchase an essential spare, and carried it back as personal luggage. Weighing more than 200 pounds (90 kilos), the spare cost overweight fees that inflated its cost to several times its usual price.

"But if the government won't release the import licenses and the foreign exchange for spares, and I'm losing $40,000 for each day I stay closed, what am I supposed to do?" said the manager.

Even this sort of emergency measure now may become unavailable to the Nigerian operations of foreign companies. Headquarters executives look at their accounts and see that millions of dollars are tied up in the country with little prospect of short-term improvement. Not surprisingly, they are increasingly reluctant to fund such shopping trips with foreign exchange from headquarters.

While at the beginning of the crisis only the smaller companies were hurt, now even the big firms are hurting. In total, 201 companies bad experienced shutdowns of more than one week by the beginning of August, according to the Manufacturers Association of Nigeria. The same source estimated that 60 percent of the industrial work force is unemployed or underemployed. Many firms have gone to a three-day week, or have asked staff to accept pay cuts of up to 30 percent.

There still are some grounds for hope. The recently sworn-in team of ministers and presidential advisers contains a higher proportion of former businessmen than usual, and companies expect the government now will be more sympathetic to their concerns.

Already President Shehu Shagari has asked to meet the business community in quarterly consultation sessions. Since many problems are caused as much by government mismanagement as by the shortage of foreign exchange, more business expertise in officialdom could ease some difficulties.

For example, although Nigeria has a perfectly sensible priority system for imports, giving spares and raw materials for industry a high priority and luxury goods a much lower one, in fact the former goods still get a lower priority in practice.

Apart from corruption, paperwork confusion hampers the flow. Managers must match a complex series of documents before importing. An import license, an "M form" (essential for completing pre-shipment inspection without which foreign exchange will not be released) and a letter of credit all must be brought together to ensure shipment.

Often the "M" form's validity period will expire before the import license is issued, or vice versa. Also officials distributing the "M" forms are not following the same priorities as those issuing the licenses.

And of course even once the forms are right, there is no guarantee that foreign exchange will be available for payment.

If the authorities consolidated the "M" form and import license issuance system and ensured that priorities were followed strictly, as well as earmarking foreign exchange as soon as it was allocated to prevent its being spent on other goods, foreign investors' headaches would ease, even without an inflow of additional foreign exchange. There are now signs that the government may consider such a move.

Another change that investors would welcome, and one that the government is considering concerns the ability of firms to retain part of the foreign exchange earned by any goods they might export.

"If a company exports," said a Ministry of Commerce official recently, "we could perhaps let that firm set aside 25 percent of the foreign exchange so earned to finance its own import needs." Under current regulations, the firm is paid in local currency and all the foreign exchange goes to the Central Bank, with no guarantee that any will be available to the original exporter.

Children at a fair perched atop a billboard advertising imported beer.

And although most companies are suffering, a few foreign investors are actually doing well out of the recession. These are the investors that concentrate on products that can use local raw materials. The availability of these materials is not affected by the shortage of foreign exchange, and production can continue uninterrupted as long as there is no equipment breakdown requiring foreign spares.

Because the market is starved of foreign imports due to the foreign exchange shortage, these products find ready buyers.

It takes ingenuity to devise such a strategy because neither the Nigerian government nor the private sector really knows what raw materials Nigeria has.

There is one thing that virtually all foreign investors are afraid of: devaluation. Most have substantial trade and dividend payments due to foreign suppliers and headquarters. These payments have been made in local currency to the Central Bank. Because of the financial crises, the bank has not converted them into foreign exchange to pay the foreign parties. If Nigeria devalues by, for example, 30 percent, then overnight these local payments would be worth about one-third less, and the local operations would have to pay an additional third into the bank to ensure that the foreign party received the originally agreed amouot of foreign exchange.

Although businesses usually approve of International Monetary Fund recommendations, in Nigeria, foreign investors actually oppose IMF policies because they include a devaluation recommendation.

The above business difficulties bave bad a predictable impact on companies. Few plan to invest new foreign exchange and most who are willing to do so have been forced to delay investments because they cannot obtain sufficient foreign exchange for the equipment required.

In other cases, investments have been postponed because the company fears that it will not receive sufficient import licenses for raw materials to keep the new installation oeperating at an economic level.

Umaru Dikko, chairman of President Shagari's re-election campaign.

Vice President Alex Ekwueme

Political Calm Marks Post-Election Period

(Continued From Page 9)

mandate. It also gives considerable powers to the state governors so that a party losing at the center can salvage something of value at the local level. All this has helped to distribute power more equitably and defuse tribal tensions.

After a long delay, Mr. Shagari announced his new team, a smaller one than his previous government, with many new faces. (Thirty-eight out of 45 ministers and eight presidential advisers out of 10 were fired.) Several key figures remain, notably Shehu Musa as secretary of the government in the increasingly powerful president's office; Adamu Ciroma, a former governor of the central bank, was switched from agriculture to the all-important finance ministry; and Umaru Dikko, Mr. Shagari's campaign manager and one of the NPN's power-brokers, continues as transport minister.

A few technocrats, such as Emeka Anyaoku, assistant secretary general of the Commonwealth Secretariat in London, and Raph Uwechue, publisher of Africa magazine, have been brought in from outside government. A new ministry, of national guidance, under Maitama Sule, the powerful and ambitious Kano politician, has been created to tackle the corruption problem.

It seems clear that the president has tried to remove the deadwood from his previous government and dip into Nigeria's pool of talent. But he still is constrained by the constitutional requirement that the administration reflect the federal character of Nigeria which, in practice, has come to mean selecting at least one cabinet minister from each of the federation's 19 states.

He also has a number of political debts to pay off. However, many Nigerians hope that be will not take this too seriously and concentrate on the task of governing with the best people available. Since this is Mr. Shagari's last term — Nigerian presidents, like their U.S. counterparts, are constitutionally restricted to two terms — the calculation is that Mr. Shagari will have his eye on his place in history rather than on short-term political considerations.

The basic thrust of government policies should remain unchanged. In foreign affairs, Nigeria is likely to pursue an active, if discreet role in shoring up the dangerously centrifugal Organization of African Unity (OAU). There will be no change in its hostility toward South Africa, but neither is it in the cards that the second Shagari government will become more involved in the torturous negotiations for Namibia's independence than did the first. Relations with the United States should remain on an even keel. Nigeria's position in the broader sweep of U.S. policy toward Africa has been described by one U.S. official as neither a help nor a hindrance, and there it is likely to remain.

On the political front, Mr. Shagari sets off as well-armed and equipped as any leader could wish to be. His election triumph was, above all else, a personal one. The modest, low-keyed, conciliatory style of government during his first term brought its own reward. There was, of course, massive rigging in the election: a practice "as Nigerian as pounded yam," commented the authoritative West Africa magazine.

But most political analysts agree that, even if the election had been scrupulously fair, Mr. Shagari still would have won.

The president also has the advantage of being untainted by corruption or scandal, unlike many of his cabinet colleagues and the barons of the NPN. Moreover, he managed to defuse some of the explosive potential of Nigerian politics by well-timed conciliatory gestures towards his political foes, such as his public embrace of Mr. Awolowo, his leading opponent, during the height of the campaign.

However, President Shagari's job will not be easy. Nigeria may be over the immediate political hurdle, but it now faces enormous economic and social problems, many of which are virtually insoluble in the short-term, and for which the government does not yet appear to have a coherent strategy.

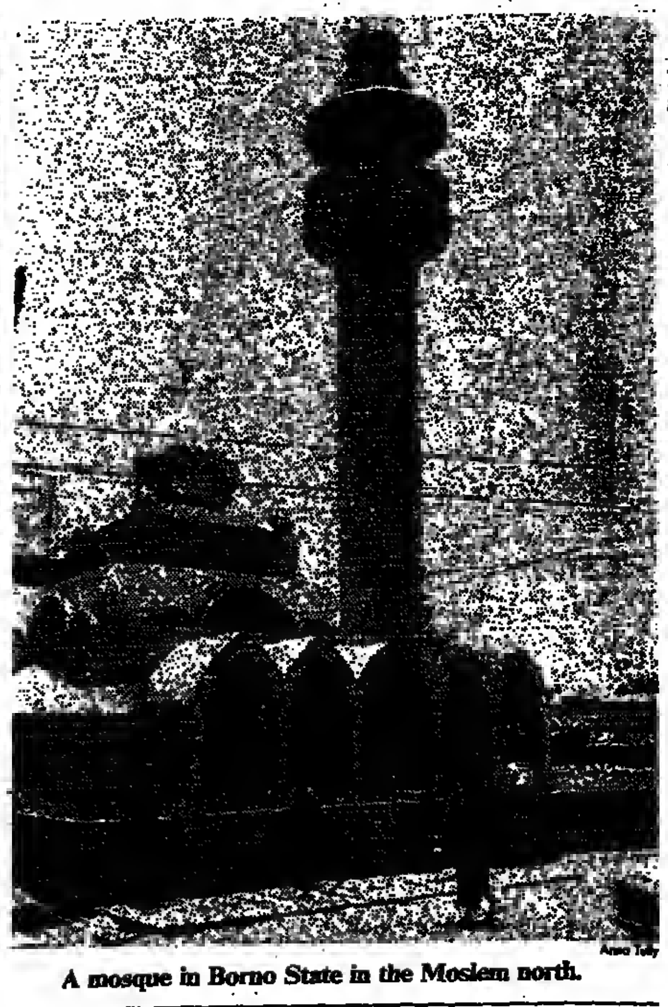
Although Mr. Shagari may feel politics should take a back seat while the government establishes its economic priorities on a more rational basis, that is not how most of the politicians around him see it. They want their share of the victory cake, for themselves and for their myriad followers. Nigerian political leaders are expected to provide money, jobs, schools, clinics, paved roads, piped water and so on for their constituents. If they do not, they are unlikely to stay in power for long.

There is also concern, voiced in the Nigerian newspapers, that the NPN's sweeping victory will lead to a one-party state and curbs on the freedom of the press. President Shagari has stressed that Nigeria will remain a multiparty democracy and has pledged to maintain the country's independent judiciary, its free press, and its excellent record of not throwing people into jail for their political opinions. Taking him at his word, the political parties have begun sizing up their strengths and weaknesses with an eye on the 1987 elections.

— JOHN DE ST. JORRE

NIGERIA

Lagos office workers head for the city. Magnum



A mosque in Borno State in the Moslem north.

Preparing for the End of the Oil Era

'The rehabilitation of the agricultural, hydrocarbon and non-oil commodity export sectors should be a major priority in laying the basis for Nigeria's economic recovery.'

By H.I. Alile

LAGOS — As Nigeria faces declining oil exports and inevitable depletion of exportable oil surplus, there is urgent need to formulate long-term adjustment policies that would sustain the Nigerian economy in a post-oil era.

With the turbulent economic experiences of the past few years, no Nigerian can ignore the complexity, and delicate balance of the economy. Therefore, a concerted effort is required to produce practical guidelines for adapting the economy to the vacillating and diminishing volume of our oil exports. The rehabilitation of the agricultural, hydrocarbon and non-oil commodity export sectors should be a major priority in laying the basis for Nigeria's economic recovery.

The essential elements for realigning the economic picture may be identified as follows:

- Efficient management of Nigeria's hydrocarbon resources to maximize the exportable surplus;
- Import substitution and linkage to be provided for key agricultural commodities such as cocoa and vegetable oils to restore pre-oil boom volumes for traditional exports;
- Creation of an industrial free zone and an aggressive market strategy for a few export-oriented products that could be competitively marketed internationally;
- Restructuring industrial development toward manufacturing exports and economic integration with other developing countries, to reduce trade deficits;
- Management of foreign exchange reserves and external debt.

During the oil boom of the 1970s, agricultural production suffered from negligence. Export products and domestic food crop production declined. For some traditional export commodities, such as oil palm, Nigeria became a net importer.

The major objective of reorganizing the agricultural sector should be to reduce food imports and stimulate production of export-oriented crops with price incentives. There could be import substitution in certain commodities in which Nigeria was self-sufficient a decade ago, but for which it was no longer able to meet domestic demand. These include meat, edible oils, dairy products, poultry and rice.

An empirical look at this sector reveals that most of the population is engaged in subsistence agriculture and that the rural sector is not monetized enough to encourage increased output and subsequent exchanges. There is on gainsaying that a mechanized and revamped agricultural sector would benefit the economy.

Tax policies may be reviewed toward granting concessions to banks on the basis of their disbursements of loans to the agricultural sector. Agricultural authorities need seriously consider revitalizing the Commodity Boards (for cocoa, cotton, vegetable oils, etc.) and evolving new marketing strategies.

Domestic use of natural gas as a source of energy has been relatively negligible in Nigeria. Free gas reserves remain untapped and there is an indiscriminate flaring of natural gas deposits. A policy on the use and pricing of natural gas should be formulated and experts agree that substitution of oil by gas for domestic consumption would be more advantageous.

Crude oil export volumes need stabilizing. Although Nigeria is a member of the Organization of Petroleum Exporting Countries and as such is subject to major fluctuations in the oil markets, sharp swings in the export volumes of crude oil could be avoided if authorities would adopt a more aggressive approach to oil marketing and reduce the bureaucracies and cumbersome procedures for contract renewals.

There is also an urgent need to re-examine the low domestic prices of oil products, especially petrol, which encourage excessive consumption, careless waste and the alleged smuggling of oil products across our borders. Periodic adjustments of domestic prices comparative to international prices would deter waste and increase export volumes resulting in higher yields in terms of foreign exchange earnings.

A most logical and profitable substitute for Nigeria's declining crude oil exports would be developing and exporting our Liquified Natural Gas (LNG); yet this project has not been implemented, despite the fact that several project designs have been examined since the early 1970s. Serious consideration should be given to a quicker implementation of this project for the realization of the LNG complex would be critical to offsetting the balance of payments deficits envisaged by the second half of the 1980s.

One of the policy options available to Nigeria's economic recovery and a reduced dependency on crude oil is economic integration through liberalization of trade. Exports of manufactured goods may be oriented toward the markets of the Economic Community of West African States as well as to developed nations. Import substitution also is considered important in such major industrial projects as steel, fertilizers, petrochemicals, which are being implemented and could substantially reduce import demand.

Because Nigeria has a large domestic market, there is a natural tendency to emphasize import substitution and ignore the importance of exports. However, recent experiences in the oil market have supported the opinion that an export-oriented strategy concentrating on a few products aggressively targeted at well selected international markets should be explicitly encouraged.

Selective subsidization of manufacturing exports would be required and the subsidy system should provide a uniform rate on the net value added in terms of (much needed) foreign exchange.

The recognition of price and exchange rate adjustments, good quality control and practical marketing strategy would enhance competitive marketability along the line of this strategy.

With the export of natural gas and a few other good quality non-oil products, Nigeria should earn sufficient foreign exchange to maintain its balance of payments even in the face of uncertainties in the oil market.

In Nigeria, external reserves (assets available for the settlement of international accounts) are concentrated in the Central Bank to facilitate effective management.

Until 1978, Nigeria's recourse to external borrowing had been limited because it had enjoyed a comfortable balance of payments position during the previous decade.

However, the situation has changed with the decline of crude oil exports and price fluctuations in the oil market. It is expected that Nigeria's external capital requirements will increase rapidly within the next few years and remain high. It is, therefore, imperative to strengthen the external debt management now and establish an effective monitoring system so that excessive borrowing costs are avoided.

The Central Bank of Nigeria imposes exchange control regulations because with the Nigerian situation — a high dependency on a volatile single export commodity, oil — control is inevitable.

To enhance the country's foreign exchange earnings, the Central Bank introduced export financing. The prescribed allocation of credit to the export subsector has varied from 10 percent of the bank's total credit in 1972 to 3 percent in 1982. This reduction is due to the underutilization of the credit facility.

On the other hand, the prescribed credit allocation to the "less preferred" imports subsector has been reduced from 10 percent in 1972 to 6 percent in 1982 with the aim of lessening the country's dependence on imports.

To ensure the survival of the economy, it is imperative to stimulate a build-up in the reserves through policy objectives aimed at promoting export-oriented products.

The unfortunate situation about Nigeria's financial and economic problems is that it depends entirely on a single volatile export commodity — oil. Worse than that, the economy is basically import-oriented.

Given the prospects of uncertainty in the crude oil market, unless the decline in oil exports are offset by non-oil exports, Nigeria would have to face a complete depletion of foreign reserves in no time.

To overcome these difficulties, Nigerian macro-managers need to undertake a structural adjustment and realignment of the economy. This entails a concerted effort to redirect industrial development towards manufacturing export-oriented products, revamping the agricultural sector, developing other hydrocarbon resources for export and shrewdly managing foreign exchange reserves.

The economy as well as Nigerians have to be prepared for the post-oil boom era. While borrowing requirements are going to be high, debt servicing in relation to Nigeria's export capacity should be manageable provided structural adjustments are undertaken.

Fiscal and monetary authorities should effect policies urgently. Recent developments in the oil market have accentuated the need for Nigeria's economy to diversify and pursue well defined and coordinated structural adjustments to face a post-oil era.

Nigeria has the potential, and ideas are unlimited. But many question its ability to muster the political will and discipline to do what is necessary for the economy.

H.I. Alile is the director-general of the Nigerian Stock Exchange.

Learning to Live With OPEC Limits

(Continued From Page 9)

Shagari's 1982-83 budget — that is, one million barrels a day at $30 a barrel — Nigeria would need a quota of at least 1.6 million barrels a day.

Oil industry investment this year has been in infrastructure. Elf was the lead contractor in a lubricating plant opened in Kaduna in July. Italian contractors Saipem and Snamprogetti recently won a $250-million contract to construct a gas pipeline from Escravos in the delta of the River Niger to Lagos. Funds for the project — which is to supply the power station at Igbin near Lagos — are going to "be generated internally" according to the government-owned Nigerian National Petroleum Corp.

Prospects for the oil-associated projects are less certain. A liquefied natural gas project has been scaled down from $14 billion to $8 billion and may be reduced further depending on the government's reaction to the latest feasibility report that it has commissioned. The NNPC has employed numerous consultants on the project, including Sherman and Sterling of New York and Cutler and Pickering of Washington.

LNG is seen as the great foreign exchange earner for Nigeria in the 1990s, gradually taking over as oil reserves decline. Nigeria has no shortage of gas — its reserves are said to run to 88 trillion cubic feet. First tenders in the project are to go out in early 1984, with work starting by 1985 and production by 1989.

The first phase of the petrochemicals complex is under way, costing about $300 million — contractors include Technimont/Montedison and Lummus of the United States with their French and British subsidiaries. The second phase, costing around $4 billion, is the core of the complex. The consultants, Foster Wheeler, say that most of the five main contracts for this phase will be awarded next year. The construction is expected to take four years.

To cope with this new range of activities the National Assembly has just passed a bill to reorganize the NNPC. Under the new project NNPC is the holding company for six self-sufficient divisions for exploration and exploitation of oil and hydrocarbons, refining, petrochemicals, gas, marine transport and marketing. A new minister of petroleum affairs will oversee and coordinate the activities of the corporation while Lawrence Amu, the present managing director of NNPC, will be second in command.

Given the current fragile peace in the oil market, the good news for the Nigerian oil industry is going to be in the medium to long term.

Recent research indicates that Nigeria may have much greater oil reserves than previously thought. The existing forecast of a 30-year span based on a production rate of 2 million barrels a day could prove to be pessimistic if giant oil fields are found in the basins of Anambra, Benue, Sokoto and Chad. Already a group of NNPC geologists are preparing to make test drillings at Lake Chad.

NIGERIAN OIL PRODUCTION
— 1983, in barrels —

January	922,160
February	673,177
March	909,890
April	1,168,277
May	1,623,250
June	1,526,145
July	1,687,695
August	1,295,000
September	1,205,000
October	1,380,000

Source: Nigerian National Petroleum Corporation

هكذا من الأصل

Chaos erupted when the government decided to expell 2 million foreign laborers. They got back to their countries under appalling conditions.

Foreign Workers Are Filtering Back

Special to the IHT

NEARLY A year after Nigeria expelled more than 2 million undocumented foreign workers, many have filtered back into the country.

Sent home last January in the largest migration in the recent history of the African continent, the workers have returned predominantly from Ghana and other West African countries.

Although the reasons for and the timing of the mass expulsion remain unclear, the move came at a time of rising unemployment, increasing violent crime and rioting by religious fanatics.

Many Nigerians reportedly supported the move, and slogans saying "Ghana go home" appeared on walls in Lagos. The Ghanaian and other aliens have been blamed for contributing to the crime rate and for taking jobs Nigerians might otherwise fill.

Nigeria has maintained that it was enforcing its immigration laws by expelling illegal aliens. Umaru Dikko, a government minister and presidential adviser, said, "The operative word is illegal."

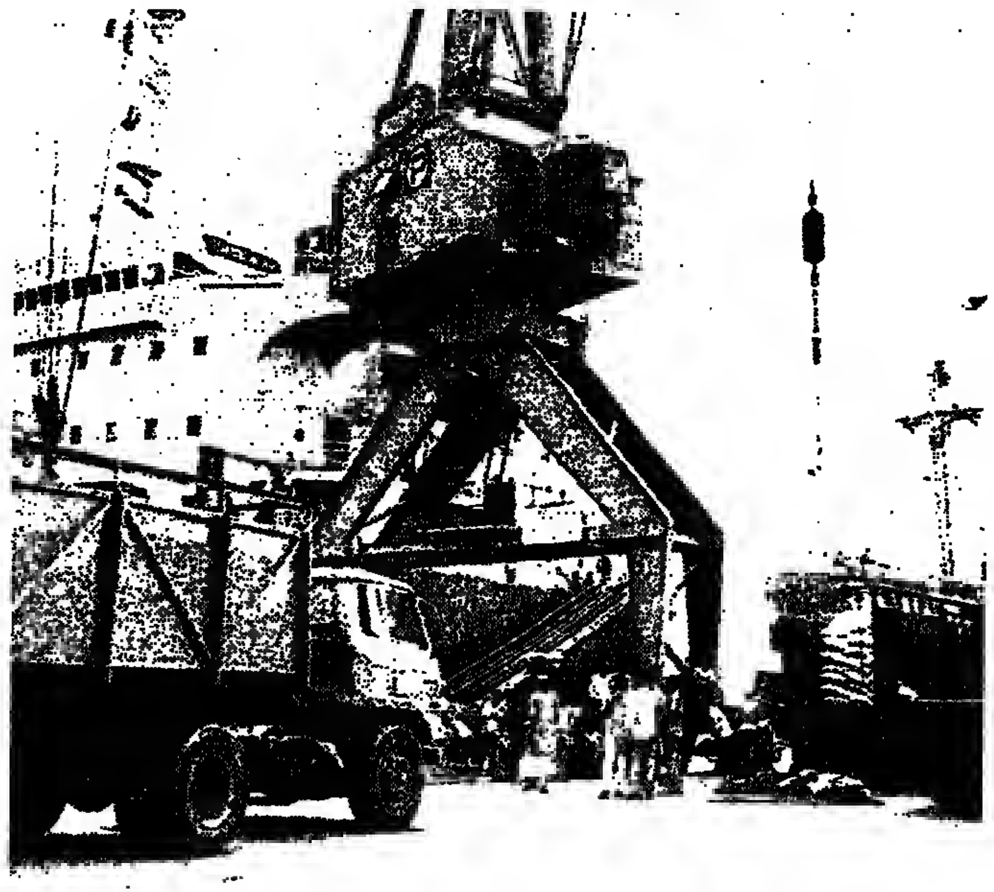
As a member of the Economic Community of West African States, Nigeria is bound by an agreement to allow citizens of member countries to move freely across West African borders.

It has been suggested that strategists in the Shagari administration thought the expulsion would be a popular move that would win support for the ruling National Party of Nigeria in last summer's elections.

But some analysts say the Nigerian government was caught unaware by the widespread adverse publicity the expulsion caused.

Although there are no figures on the number of illegal aliens who have returned, they are not hard to find in Lagos.

"Of my five best friends here before the expulsion," said William Oppon, 27, a Ghanaian teacher now working as a servant in the Lagos home of a Western diplomat in a recent interview, "three are back and the other two have written me asking whether I think they should return. Everybody's coming back."



A year later, a quiet day at the Lagos docks as laborers unload an incoming freighter. Many of them are returned foreigners.

Manufacturing: Foreign Exchange Controls Hamper Flow of Materials and Parts

LAGOS — Manufacturers in Nigeria have had one of their toughest years yet because foreign exchange controls have hampered the flow of spare parts and raw materials.

Tens of thousands of workers have been laid off because factories have shut down for extended periods.

"The austerity measures have exposed the weaknesses of manufacturing in this country," said a Lagos-based manufacturer whose plant has been shut down for more than three months this year. "Unless the government realizes we can't transform our operations overnight, there are going to be some very serious casualties amongst the manufacturers next year."

There is no dispute that manufacturers have a solid future in Nigeria. But the development of local raw materials has lagged.

Akinbi M. Oniyangi, the former minister of industries, was highly critical of the development to date of the manufacturing sector.

"We have only succeeded in replacing the importation of a large number of finished products with the importation of raw materials, intermediate and capital goods," he said.

Alhaji Abdulkadir Ahmed, the governor of the Central Bank of Nigeria, told the annual meeting of the Manufacturers' Association of Nigeria, or MAN, that many members were not using locally available resources.

"The refusal of some companies to use local raw materials when they are available is traceable to the traditional attachment of many local industries to their parent multinational companies. Such attitudes are associated with the practice of overinvoicing and the use of transfer pricing to the advantage of the foreign parent company," he said.

He made it clear that the Central Bank would not be generous to "unnecessary users" of foreign exchange.

The lessons of Nigeria's 18-month-old austerity program have proved that the manufacturers with the widest resource base and the widest range of products have been able to survive the restrictions.

Top among these companies have been the food processors, such as Cadbury's (Nigeria), which have been able to increase their turnover despite the controls.

"We've made sure we weren't dependent on one particular line for production," said Charles Clarke, Cadbury's managing director. "Some of our competitors have been forced to shut down because they couldn't get hold of one particular item. We've managed to avoid laying off any staff by redeploying them to others areas of production whenever there's a bottleneck."

Almost 80 percent of Nigerian manufacturing is producing consumer goods. According to the Federal Office of Statistics in Lagos, the leading manufactured products are beverages, followed by textiles, petroleum products and food products. The total manufacturing output in Nigeria contributes less than 10 percent to the country's gross domestic product.

Products derived from local resources like vegetable oils, textiles and processed foods have held steady in the market or given way to competition from cheaper imports. At the same time, there has been heavy investment in vehicle and electrical products assembly plants, which are dependent, in some cases, more than 90-percent on imported components.

Ishmael Igbani, the new minister for works and housing, made clear the government's determination to prevent more import-biased manufacturing concerns from starting up.

"In future, before government can give approval for new industries to be established, the parties involved must show how they intend to develop local raw materials for use in that industry," Mr. Igbani said.

However, many manufacturers have been asking for better government protection against competition from both legally imported products and smuggled products.

Nigeria's informal economy, which encompasses the sale of smuggled and stolen goods, presents a serious threat to the orderly calculations of manufacturing executives used to such aids as market research reports and sales charts. No one knows how big a role the informal sector plays in Nigeria's economy, but some educated guesses are that more than 25 percent of economic activity in the country comes under the auspices of the informal sector.

"Cash madams," smugglers, street traders, transport operators and black market money changers operate a complex distribution system that responds with unfailing accuracy to market demand and supply.

The market traders have been quick to exploit the shortages of some consumer goods caused by the periodic shutdown of some manufacturers' plants. The price of some commodities such as toilet soap and toothpaste have more than doubled in six months. Some market women queue diligently to buy supplies of consumer goods at controlled prices in the department stores, then walk down the road to sell them on their stalls for a 50- to 100-percent markup.

For manufacturers, smuggling, which is an integral part of the informal sector, is a continuing menace. A combination of tough antismuggling measures and the exhorbitant cost of buying foreign exchange on the black market have curbed smuggling to a degree.

Apart from a continued clampdown on smuggling, manufacturers want to see a more comprehensive strategy by government to protect local industry. They say that the present policies allow too many people to bring in consumer goods that could have been made in Nigeria.

Idirisu Koko, the new minister of industry and commerce, has announced that only government supply companies and their agencies will be granted import licences for general merchandise.

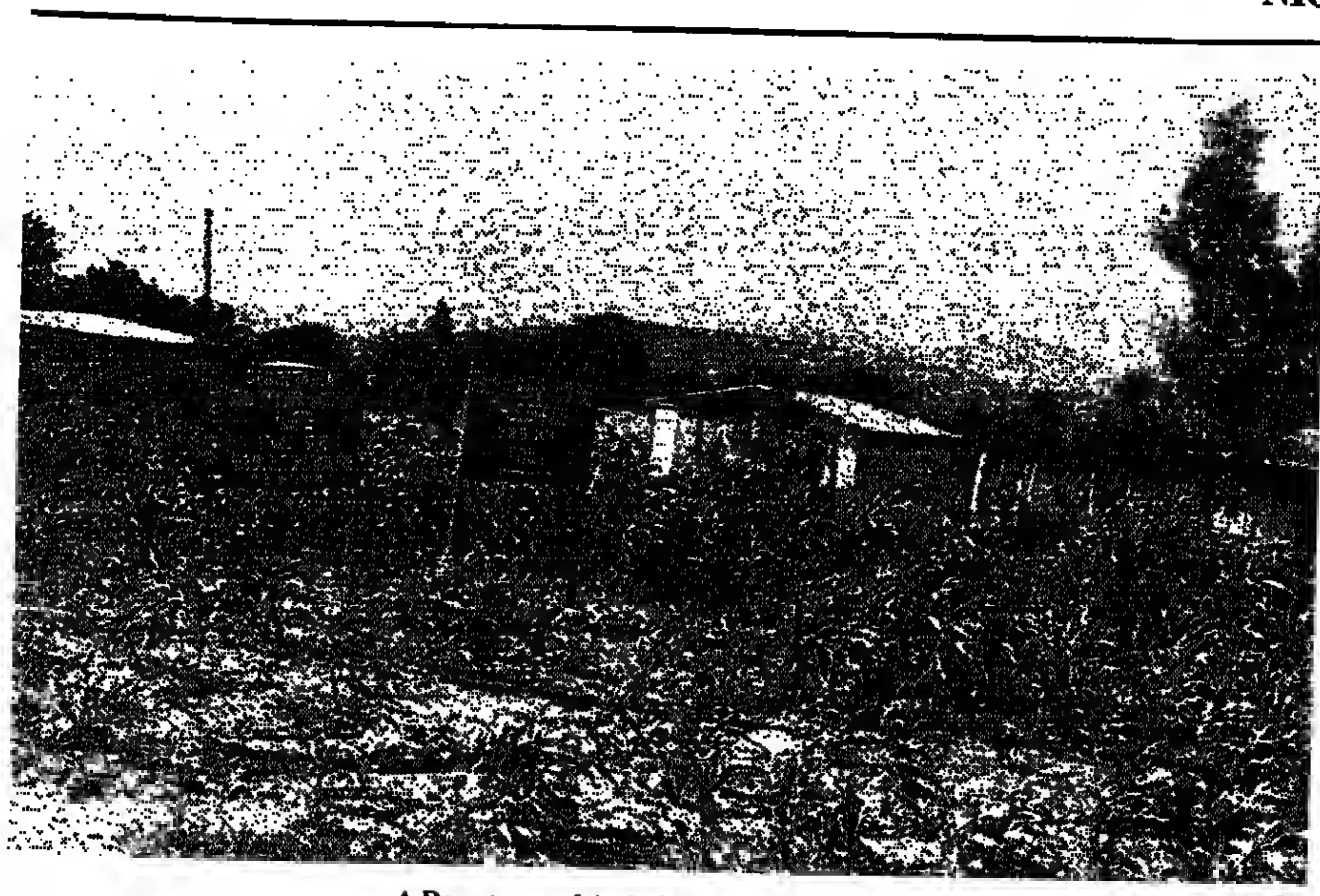
Manufacturers are not optimistic about operations in 1984. Many of them will be starting the year with substantially smaller inventories of raw materials and spare parts than they did this year, and their production will accordingly be more vulnerable to delays in supplies.

There is no shortage of good advice for Nigeria's manufacturers — there have been a wealth of conferences on developing local raw materials, improving linkages between agriculture and industry and attracting new investors. But manufacturers are waiting to see if President Shagari's new government — which contains a higher percentage of businessmen than his last administration — is able to translate these wise words into action.

— PATRICK SMITH

A tin mining installation in central Nigeria.

The Agbara industrial development in Lagos State.



A Department of Agriculture station in Gongola State. Anna Tully

Cattle raising in central Nigeria. Anna Tully

Agricultural Development: Spending Cuts May Threaten Irrigation Projects in North

By Richard Synge

LONDON — While drought ravages farmlands in Kano and Borno states bordering the Sahel, Nigeria is faced with a dilemma about bow to further its green revolution, or agricultural development, which has made little progress since its launch by President Shehu Shagari in 1980.

Will the gigantic irrigation projects being built in northern Nigeria's river basins now fall under the axe of spending cuts? Can the state governments afford to support any more rural development projects? Does the answer lie in a currency devaluation that would open up opportunities for a revival of agricultural exports? Or must the emphasis be on food first, to help reduce the mounting imports of wheat and rice?

Mr. Shagari has entrusted the task of managing the crucial agricultural sector to two men. His new agriculture minister, Chief Eteng Okoi Obuli, is a politician and practical administrator who was closely involved in the recent opening of Nigeria's most ambitious irrigation project, the $500-million Bakolori project on the Sokoto River, which was designed for intensive production of rice, wheat and vegetables. The project sbould prove itself as a defense against the ravages of recurrent Sahelian drought and Chief Obuli may fight to keep its profile high.

The other key figure is T.S. Aribisala, appointed to the new post of presidential adviser on agriculture. He was for a long time deputy director of operations at the Food and Agriculture Organization in Rome. Mr. Aribisala favors keeping state government projects going, even instilling some competition between them, with emphasis on what he calls farm settlements.

Nigeria has plenty of potential in agricultural development. Where irrigation may be appropriate in the far north, emphasis on continuing with modified traditional methods is thought to be adequate for the rest of the country. Experience has sbown that although governments can influence production, it should avoid becoming too involved with projects.

Mr. Shagari's team is committed to the future in terms of promoting the interests of the millions of small farmers in the country, while going all out to attract a new era of private business sector investments in ranching, cereals production and vegetable and fruit processing and canning.

Both local and foreign investors have held back from big projects, waiting for better fiscal and exchange rate conditions.

"Many Americans come here and say this is a wonderful land with a great climate and big potential as a grain producer," said an agricultural consultant. "But I have to tell them that the economic climate just is not right for foreign investment in agriculture.

"There is economic instability on a massive scale. For the kind of ventures that could transform Nigeria's food production, you need assurances that will cover the investors' risks for 10 years and guarantee profits in the long term, and you just can't get that here. Apart from the other difficulties the fiscal rules keep changing and could wipe out at a blow years of slow and steady advance, which is what agriculture needs."

This is the fundamental reason why after five years of intensive discussions between Nigerian and U.S. interests, there has been no major U.S. investment in Nigerian agriculture.

The body established in 1980 to assist U.S. investors, the Joint Agricultural Consultative Committee, has not given up. The Washington-based operation calls itself JAC Corp. and is assisting about 30 projects still at the study stage, according to its president, James Thornton.

With Nigeria reeling from the effects of its latest recession, there is a fear that the rural sector will not be able to get out of the decline that was set in motion in the 1970s.

Large-scale farming has never been practiced in Nigeria, with the exception of a few rubber and sugar plantations. In colonial times, the sector was promoted by a marketing board system, which stimulated the output of crops for export, particularly groundnuts and cotton in the north and cocoa and oil palm in the south. But the prices paid by the marketing boards declined in the 1960s and 1970s.

The one-time symbols of northern Nigeria's wealth, the pyramids of groundnuts in Kano, have not been seen for more than a decade. In the 1950s and 1960s, more than a million tons of groundnuts would be produced in a year. In the 1970s, prices collapsed, and the marketing boards failed in their stimulative role. Farmers turned to food crops for survival.

The oil boom also encouraged migration of labor from the rural areas to the cities and brought about changes in the diet of the city residents. Rice, which is grown on a small scale in Nigeria, became the favorite staple.

In the northern and middle-belt states, World Bank-funded agricultural development projects have started to promote increased food yields with supplies of fertilizers and construction of water points and roads.

Whereas the attainable average increase in production is 2 percent a year in most of Nigeria, in the World Bank project areas, it is about 5 percent, according to the manager of a northern project. "The greatest problems are in marketing the surplus and ensuring that the farmers get a good return," the manager said.

World Bank experts in Nigeria say an adjustment in the exchange rate of the naira is needed. Another impetus would be the discovery of new hardy grains for the north and disease-resistant root crop strains in the south.

In the north, farming can be precarious with unreliable and short rains. Choosing the right moment for planting the millet and other seeds is critical. A few days lost, and the crop yield can be halved. This year some farmlands in Kano have been devastated by drought.

The nearest thing to intensive modernization of agriculture in Nigeria is the installation of irrigation systems in Sokoto, Kano and Borno states. But the amount of food these projects can produce is open to question.

In deciding where to put its available resources at a time of dwindling government revenues, the Nigerian government is expected to focus on projects that will promote and sustain food production first, and export crops later. The weight of evidence is in favor of continuing with the World Bank projects, which require small investment per hectare, but the recent drought may have strengthened the arguments of those who see irrigation as the only answer to the problems of recurring drought.

Decline of Oil Income Brings Nation An Enduring Crisis in the Economy

(Continued From Page 9)

money, but a conversion of trading arrears into a medium-term loan, which gave the government breathing space and paved the way for new, albeit limited, lines of credit.

The next step, currently under discussion, is tackling $4 billion worth of arrears on open account trading.

This latest transaction is linked directly to negotiations with the International Monetary Fund for a three-year loan of $2 billion. The purpose of the loan is to give Nigeria time to adjust its economic and fiscal lifestyle to match its reduced circumstances. Talks with the IMF, delayed by the elections and the formation of the new government, have been going slowly.

Further delays are expected while Nigeria sorts out its open account trade debts and mulls over the fund's insistence on a naira devaluation. The government rejects a "sudden death" devaluation, but it is believed to be willing to let the naira contitue to slide down against the dollar. Withdrawing, or drastically reducing subsidies on items such as foodstuffs, fuel and electricity, will be another hard pill to swallow.

The IMF's own financial problems in Washington, where it is waiting for new funding, is slowing the negotiating process still further. The only good news is that Nigeria's foreign debt remains relatively small ($14 billion), compared with the last of the big-time spenders on the other side of the Atlantic (Brazil at $92 billion, Mexico $87 billion and Argentina $37 billion).

The government's new team of economic managers is impressive. The key figures, in addition to Adamu Ciroma, the minister of finance, and Alhaji Abdulkadir Ahmed, who stays on as governor of the central bank, are two new advisers in the president's office. They are Philip Asiodu, a former "super permanent secretary" under General Yakubu Gowon, who becomes Mr. Shagari's special adviser on economic affairs, and Gamaliel Onosode, a man with broad economic experience in government and the private sector, who will advise on budgetary affairs.

Another important official, Alhaji Abubakar Alhaji — universally known as "Triple A" — stays on in the pivotal job of permanent secretary in the Ministry of Finance.

The team soon will be put to the test. There are a number of urgent problems such as inflation, growing unemployment (a renewed bout of ejections of illegal alien workers, many of whom returned to Nigeria after being thrown out last February, is a good indicator), a soaring food bill and long arrears in government employees' salaries.

The government is trying to tackle more fundamental issues, such as the revival of agriculture and development of a viable industrial base. Talks are going on with the World Bank over a "structural adjustment loan" which Nigeria hopes will be around $500 million, but is more likely to be nearer $350 million.

One of the most serious short-term problems is the damage from drought and disease on Nigeria's food production in the north. The country is a major food importer, and the full effect of these disasters will be felt next summer. The government then will have to find more money to finance food imports. That means more borrowing on top of what already is expected from the IMF, the World Bank and the foreign commercial banks.

Expansion of Steel Industry May Be Cut Back

(Continued From Page 9)

domestic steel consumption, which ranges from 6.2 million tons by 1985 to 6.3 million tons by 1990. Recent research indicates these figures may be wide of the mark, particularly if the recession continues to depress production.

The Ajaokuta plant and township has been constructed remarkably quickly. Fidelis Ezemenari, the chief executive of the Ajaokuta Steel Co., said the light section rolling mill commissioned by the president in June was completed ahead of schedule.

To build it, contractors had to clear a remote and expansive forest site and build a township for 15,000 workers and their families before work could start on the plant.

The Soviet company Tjampromexport is handling the construction of the steel plant, and the civil engineering work has been undertaken by Julius Berger, the biggest construction company in Nigeria, and two French companies, Fougerolle and Dumez. Nigerians, Soviets, Germans, French and an Indian firm called MEKON are consultants for the project.

The first major change of plan at Ajaokuta was to build the rolling mills before the blast furnace producing iron and steel, because there would be immediate use for the steel products from the rolling mills, but there would have been no direct use right away for the pig iron turned out by blast furnace.

Nigeria now has five steel rolling mills, but their products are not being sold fast enough. The steel wires and rods mainly are for use in the construction industry which like the rest of the economy is in a serious recession.

Not enough investors have come forward with proposals for new steel products plants and those that are making use of the steel products from the rolling mills complain that Nigerian steel is too expensive.

One alternative would be to postpone the construction of the blast furnace at Ajaokuta and build a flat products plant instead so that the steel products from this would be able to supply a much wider range of industries. The main priority at the moment seems to be to make products from the raw steel, rather than produce the raw steel.

One suggestion put forward to help the steel industry was that the Associated Iron Ore mining company at Okene near Ajaokuta should be totally subsidized by the government and supply ore to the steel plants free.

Like all major projects in Nigeria, the steel industry will suffer from the inadequate infrastructure and linkages between industries.

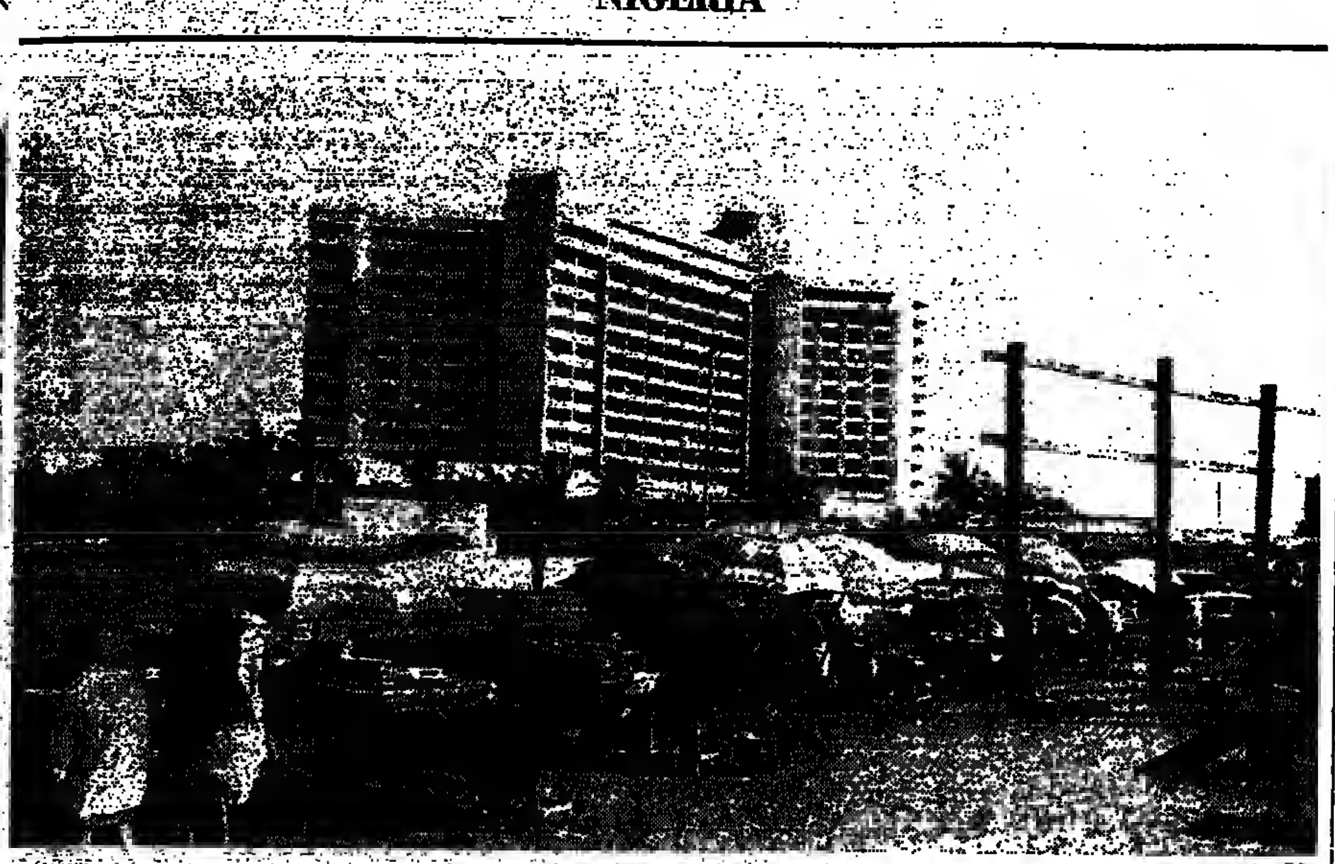
But however much the World Bank and the IMF may balk at huge government subsidies to Nigeria's steel industry, the government will press ahead with the program albeit with cost-cutting modifications.

If the Ajaokuta blast furnace goes ahead, it should provide a much needed boost to Nigeria's mining industry by creating a continuous demand for the Itakpe iron ore and coal from the Enugu mines.

—PATRICK SMITH

هكذا من الأصل

NIGERIA



Stands outside the Holiday Inn in Lagos.

Banking: A Call for Coherence

'. . . Intelligence will have to be employed in fashioning new regulations if the fragile situation in which the private sector finds itself is not to degenerate even further.'

By Victor Ogundipe

LAGOS — When Nigerian bankers met early in November 1983 at the annual dinner of the Nigerian Institute of Bankers, there were many outstanding issues concerning monetary and banking policy that they had hoped would be put into focus if not entirely resolved.

The special guest at the occasion, Abdulkadir Ahmed, the governor of the central bank of Nigeria, was to give a keynote address. More than 600 bankers anticipated that the speech would provide pointers on coping with the economy, which has taken a disproportionate toll on the Nigerian banking industry.

The audience was clearly disappointed at what the governor had to say. Far from addressing himself to any of the relevant issues that concerned the bankers, Mr. Ahmed recounted the all-too-familiar dismal statistics concerning the decline of Nigeria's crude oil production and foreign reserves in recent years and the deterioration of the balance of payments from a surplus of 2.4 billion naira in 1980, to a deficit of 3 billion naira in 1981 and 1.4 billion naira in 1982.

Aside from the fact that even these statistics clearly did not come to terms with the reality of current conditions (which are decidedly more serious), bankers had to sit through further admonitions from the governor concerning the incidence of fraud in the sector (which in reality is assuming alarming dimensions), delays in the processing of documents for foreign exchange remittances (an issue for which the governor would do well to look into his own backyard), and a call for banks to "intensify their potential role as catalysts for the revamping of the economy as a whole."

This last point was underlined by a curious recommendation by the governor that banks could set up programs for the rehabilitation of some industries adversely affected by the current economic situation.

In fairness, the issues raised by the governor were not altogether irrelevant, yet, by ignoring far more important issues in the sector, Mr. Ahmed re-emphasized the lack of coherence that has punctuated Nigerian monetary and fiscal policy in the past two years.

The governor suffered a natural handicap from the fact that much was in flux at the time. The 1984 budget was in the making (the president's economic advisers having been appointed only a short while earlier) and negotiations with the International Monetary Fund were under way.

Nevertheless, Nigerian bankers confront crucial issues as never before, making much of what the governor had to say relatively trivial.

Prominent among the issues of concern to bankers is the question of the value of the naira. As of September 1983, the Central Bank of Nigeria had effected a progressive decline in the exchange rate for the naira of about 10 percent against the dollar and 5 percent against sterling.

Quite aside from the fact that a further depreciation of the naira is anticipated as a condition for the more than $2-billion facility the Nigerian government is negotiating with the IMF, the naira has been exchanged on the black market for the sum of 4 naira to £1 in recent months.

The implication of this state of affairs on the economy has not been lost on the bankers. Although most bankers have been loath to contemplate the prospect of an outright devaluation, they quite rightly fear that with a further depreciation in view and the continual sliding of the naira in the black market, something must be done to stabilize the situation, particularly since the unofficial depreciation has added a tremendous burden on the already battered manufacturing sector.

S.A.O. Sule, the president of the Institute of Bankers, has suggested that the government give consideration to establishing a Multiple Exchange Rate, a concept that appears to be gaining acceptance among many Nigerian bankers.

Although some critics of the idea have suggested that it would be difficult to put into operation, given the difficulties in the current system, a fairly wide range of people in the financial sector believe that by discriminating against a wide range of nonessentials, the measure would be useful both in limiting the disbursement of foreign exchange earnings and by ameliorating the impact of a further depreciation of the naira.

The assumption all along has been that such rates would be biased in favor of the manufacturing sector. Mr. Sule also has advocated what he calls a pre-determined exchange rate, a fixed rate of exchange, which the Central Bank would put into effect. This, the president of the institute believes, would spare manufacturers the specter of escalating costs that the recent depreciation imposed on the clients of the banks in the manufacturing sector.

Another major issue that has irked bankers has been the manner in which the federal government has gone about its recent refinancing agreements with international banks.

Four Major Nigerian Banks

Comparative Performance, 1982
(in millions of nairas)

	Union Bank	First Bank	UBA	IBWA
Total Deposits	2,853	2,793	2,548.2	871
Pre-Tax Profits	65	44	52.4	28.4
Gross Earnings	284.8	266	232.2	104.1
Provision for Bad Debts	28.9	16.8	14.8	5.1

Source: Victor Ogundipe, International Bank for West Africa, Ltd.

Quite aside from the fact that Nigerian banks were not taken into confidence over the details of the agreements (and many bankers feel that the terms of the agreements could have been more beneficial to the nation had local bankers been involved), it is also clear that the conditions of the agreements have imposed an unacceptable burden on the cost structure of many of the banks' corporate clients.

While the banks' profitability has taken a beating largely from the decline in commissions, which the adverse foreign exchange situation has made inevitable, the impotence of the banks has been further underlined by the fact that they have been powerless to intercede on behalf of their clients, often citing adherence to the Central Bank of Nigeria's regulations as their only defense.

The inadequacy of the Central Bank of Nigeria (especially the Exchange Control Department) in providing the initiative to unscramble interminable delays in foreign exchange allocation has been one major problem identified by observers in the sector.

Yet, it is clear to most impartial observers that the central bank's problems are not limited to the external sector, and will necessitate a fundamental re-examination of its overall role in the economic management process.

Among the policy issues that are most relevant in the economic climate today:

- The overwhelming level of public sector borrowing, which has resulted in lending to the private sector coming to a standstill;
- The need to reappraise the rural banking program, which has been a particular difficulty to the commercial banks, especially when profitability is declining;
- The fundamental need for a re-examination of the rationale for continual licensing of new banks, in the context of obviously declining standards and operational weaknesses in the existing system.

It is clear that tight credit (especially limiting the growth of public sector requirements) will no doubt represent one of the conditions that will accompany an IMF facility.

Nevertheless, a great deal of intelligence will have to be employed in fashioning new regulations if the fragile situation in which the private sector finds itself is not to degenerate even further. Clearly the most pressing need is for coherence in the formulation of banking and monetary policy.

Victor Ogundipe, formerly editor of a Nigerian weekly business publication, now is corporate development manager of the International Bank for West Africa, Ltd.

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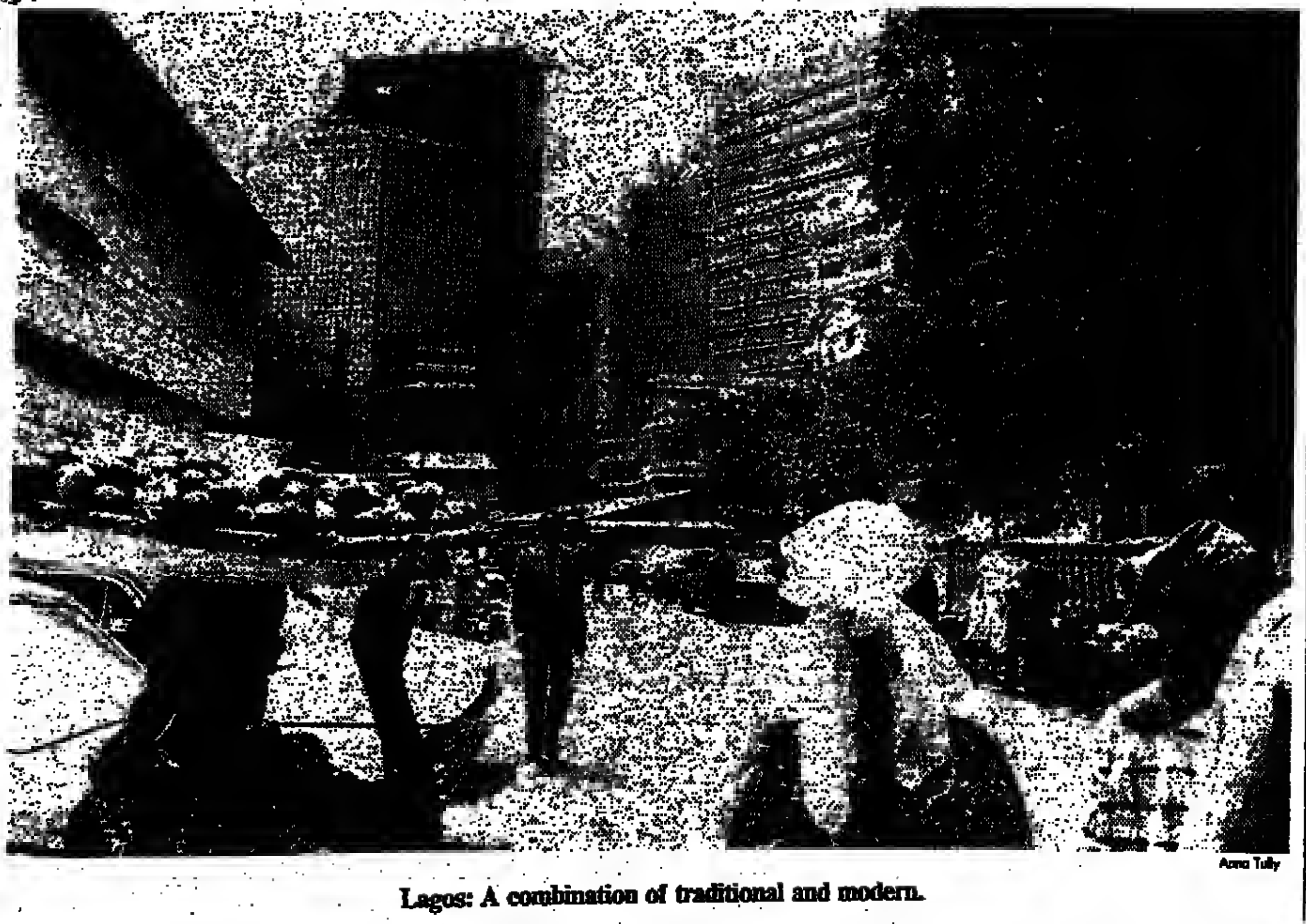


Lagos: A combination of traditional and modern.

NIGERIA

A Nigerian market.

Consumer Imports Decline to a Trickle

LONDON — Few of the world's exporters can afford to get excited about Nigeria as a world market.

Only two years after they thought they had struck gold, exporters to Nigeria find that the market has quickly reached saturation point with construction equipment and materials, while the flow of consumer goods, which grew to an enormous size in 1980-1981, has been reduced to a trickle.

The country's overall shortage of foreign exchange has forced severe cutbacks and the slump in oil exports is likely to force a change in Nigeria's import-oriented trading community. Traders oow are looking to promote exports of Nigeria's traditional goods, and they probably will find some way of creating a barter system and of increasing their trade with neighboring countries.

Nigeria's earnings from oil sales in 1983, at around $10 billion, are half their 1980 level, and there is no guarantee that they will not drop further in 1984.

President Shehu Shagari's harsh curbs on imports remain in force. Government sources now claim that the balance of payments will show a small surplus in 1983, but this is widely thought to be an optimistic estimate.

The government would like to see a resumption of traditional exports, perhaps even forgotten goods like leather, handicrafts, spices and cloth, but more importantly, the once profitable cocoa, rubber, palm oil and groundnut crops. However, there are major problems. Farmers have abandoned export crops in favor of food, and indeed, the government needs to encourage food production in order to further cut the import bill.

There is little to take the place of oil as the country's major export apart from natural gas, which is expected to become a foreign exchange earner for Nigeria sometime before the end of the century. Limited exports of cocoa and other crops can continue, but the pressure is mounting for a discovery of other resources, both mineral and iodustrial.

The 1980-1985 Nigerian development plan may not be achievable until 1990 or thereafter, but at least some massive public sector investments will continue.

"There are lots of contracts being negotiated with Nigeria's federal government and the state governments," said a British banker, "but when will they get their finance? That's the question."

As Nigeria sets about paying off its backlog of trading debts accumulated over the past two years, the level of trade will remain limited, with 1984 a year of attempted consolidation. It will be 1985 before any trade expansion can be expected.

The process of setting Nigeria's trade payments to rights has been preoccupying bankers for months and partial solutions have been found. Around $2 billion of trade debt was refinanced during the summer.

A comprehensive solution seems to depend increasingly on the International Monetary Fund's willingness to come up with around $3 billion over the next three years. A series of deals with large suppliers, trading firms and export credit agencies will follow, allowing debts to be paid off over a five-year period.

Nigeria's traditional suppliers in Western Europe, particularly Britain, are holding their own in the market, while the newcomers of the 1970s are having problems sustaining their gains.

Japan, which became the foremost supplier of vehicles up to 1980, is having to redraw its Nigerian strategy. Its sales to Nigeria slumped from $2 billion in 1981 to just more than $1 billion in 1982 and may not even reach half a billion dollars in 1983.

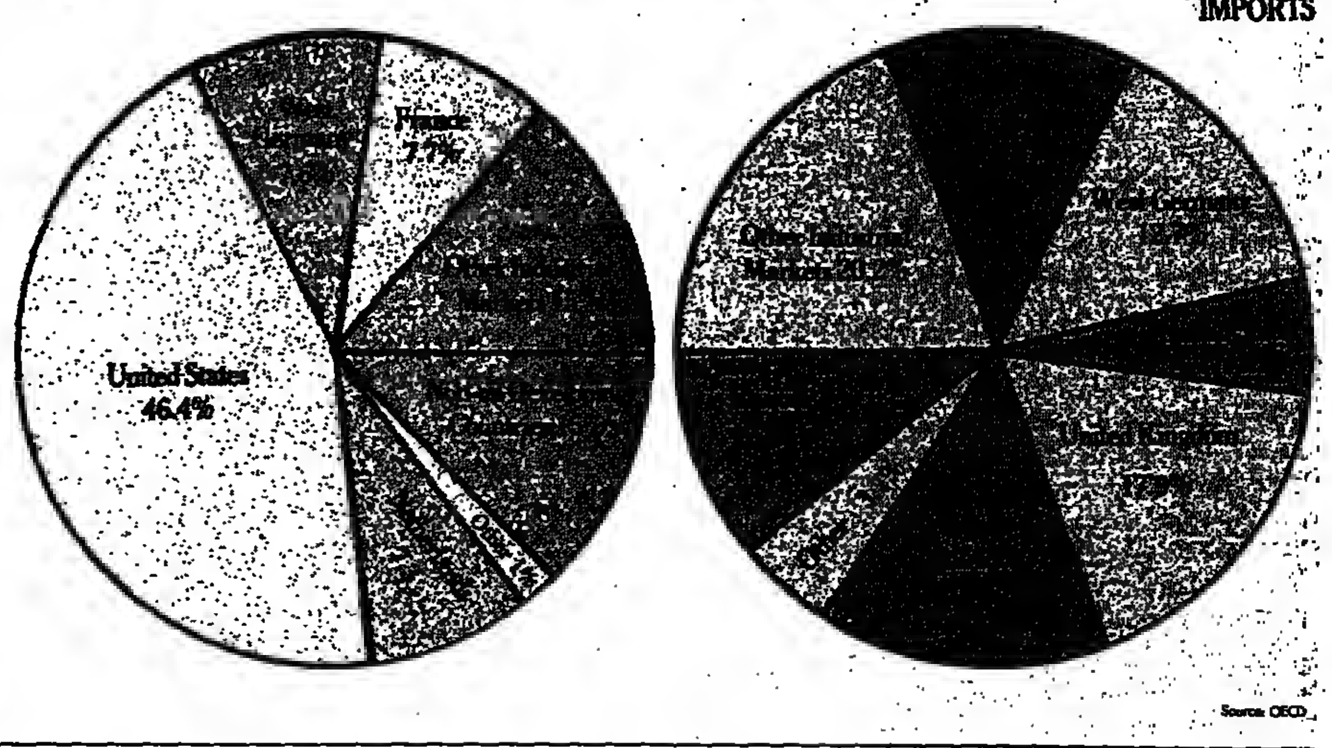
While there are plans for Japanese vehicles to be assembled in Nigeria eventually, there is currently a hiatus, with most vehicle imports banned.

— RICHARD SYNGE

DIRECTION OF TRADE

EXPORTS

IMPORTS



Source: OECD

Tips for the Business Traveler to Nigeria

LAGOS — Nigerians tell a joke against themselves about other Africans complaining to the Almighty that too many resources were being given to Nigeria, and too few to themselves. "Wait," they were told with a wry smile, "until you see the kind of people I am going to put down there."

The traveler reaches Nigeria, in a sense, before he actually arrives in the country. Obtaining a visa in a Nigerian consulate, buying a ticket at a Nigeria Airways office, lining up at the national airline's check in counter, you could easily be in Nigeria, among an argumentative, noisy, energetic, aggressive people.

Nigeria is for many people an intimidating, yet tantalizing place that produces more "war stories" than almost any other. It is intimidating because it is violent, corrupt and inefficient. It is dirty, chaotic, hard to move around in, difficult to do business in.

It is tantalizing because it is an open, free-wheeling, unashamedly capitalist society where a lot of money can be made.It is not a place for the timid.

For all those reasons, a reliable local contact or agent is worth his weight in gold. Through him, all sorts of problems, from being met at the airport, obtaining a room at a hotel, securing a good car and driver, to the more serious job of making the right business contacts, can be dealt with.

It is important to have the correct documentation: Nigeria is an excessively bureaucratic country. A letter of invitation, a visa, a yellow fever innoculation certificate and a return airline ticket are necessary. If you have a South African stamp in your passport, you will be turned back at the airport and expelled on the next plane.

Reserving a hotel room from outside Nigeria is often an academic exercise. The best thing is to get someone locally to do it for you — and reconfirm just before you arrive — or, better still, arrange to stay in a company guest house. This is quite a common practice, costs less and is usually more comfortable than staying in a hotel.

Tips for arriving in Lagos:

- Try to make it during daylight hours. You will have more time to settle in and avoid the occasional night-time dangers of the drive into town.
- Fill in your currency forms with care and keep your copy. You will need it when you go out.
- Do not bribe officials; do not hand over anything to touts; choose one porter and one taxi driver and make your choice clear to the others. Change your own money at the bank.
- The going rate for tips is one naira, 20 for the taxi journey into Lagos, and around 50 naira to hire a taxi from one of the main hotels with a driver for a day. The day is usually reckoned to be 8 hours and extra work in the evening should be agreed upon in advance. Bargain and settle on the rate before you commit yourself.

Among the major hotels in Lagos, the Eko, on the edge of Bar Beach, has the best view and is reckoned to be the most fashionable. The Federal Palace, also on Victoria Island and not far away, is large but gloomy. The Ikoyi is smaller and friendlier and more favored by Nigerians.

Food and service in Nigeria are rarely good. All major hotels now have Chinese restaurants on their premises. Allow plenty of time for restaurant and room service.

Nigeria has an impressive international telecommunications system, but locally, people seem to resist the telephone culture. You cannot dial direct from any of the hotels; all calls have to go through the switchboard. It is often quicker to go to someone else's private telephone and make your calls from there, or even go to the house or office of the person you are trying to reach.

Always try to obtain an official's direct line telephone oumber or his home phone. General switchboards in ministries and other large offices are usually a waste of time. Telephones between cities rarely work, but international phones and telexes are remarkably good most of the time.

Traveling between towns usually means by air, although yoo can go to places like Ibadan and Benin City from Lagos by good highways. It is a good idea to go with a reliable driver.

There are plenty of flights, but Nigeria Airways rarely flies on time, although they always expect you to get to the airport at least an hour before departure. The planes are not as crowded as they were during the oil boom years, when people literally fought to climb aboard, but there is invariably a hassle at the airport. Stay calm, handle your ticket yourself (touts will offer their services), and ask frequently for information so that you do not find yourself on the wrong flight. Keep an eye on your hand baggage.

Nigeria is both formal and informal. Nigerian officials wear business suits or national dress in their offices and at social functions. There is great respect shown to rank and age. The rudeness you may encounter in stores, airports and at the lower level of officialdom rarely is repeated in the upper strata of Nigerian life. Instead, courtesy, friendliness and often generous hospitality are the reward for those who persevere.

"Make friends and influence people" is true in Nigeria because the human factor is so important. A Nigerian may lose your letter, or misplace your telephone number, but he will rarely forget a face.

A British businessman who has spent almost two decades in Nigeria summed it up. "If people like you, and you hang in, you'll accomplish a lot — much more than in sophisticated, predictable places." But whatever you do, smile. Always smile.

— JOHN DE ST. JORRE

Statistics Index

ECONOMIC SCENE

By BRENDAN BROWN

History Suggests the Current Strength Of the U.S. Dollar May Be Transitory

The author is an economist specializing in currencies with Phillips & Drew.

LONDON — Relief for the dollar famine has now arrived. The United States is pumping nearly $1 billion a week into the foreign-exchange market through its current account deficit. But skeptics warn against an early drop of the U.S. dollar. Perhaps international investors have embarked on a long-term policy of building up the share of the dollar in their portfolios. Could the dollar be headed for a position of supremacy, aided in its path by the political malaise of the Deutsche mark?

History suggests otherwise. No money, however powerful, has achieved a monopoly in the international marketplace. Before 1914, the predominant currency, the British pound, faced competition from the French franc, Dutch florin, and German mark. Even in the war-shattered Europe of the 1950s, the Swiss franc, which remained freely convertible at its parity fixed in 1936 of 4.30 francs to $1, withstood the mighty dollar. Moreover, gold remained the favorite money of European central banks. The rapid accumulation of international reserves by the Bundesbank from 1954-61, and by the Banque de France in the 1960s, was in gold rather than the dollar.

No money, however powerful, has achieved a monopoly in the international marketplace.

The international purchasing power of the dollar is now as great as in the 1960s. The present Deutsche mark-dollar exchange rate is roughly equivalent in real terms (after adjustment is made for the faster increase in U.S. than German prices during the past 20 years) to the 4 DM-to-$1 rate that held from 1961 to 1969. But the dollar of the 1980s is much more precariously balanced than that of the 1960s. Then the U.S. current account was in surplus, which together with a growing flow of European funds into U.S. equities and some gold sales by the U.S. Treasury financed rapid investments abroad by U.S. business. Rising earnings from foreign investments compensated for a deteriorating balance of trade.

Today, the United States's huge net holdings of overseas investments, built up during the two world wars and their immediate aftermaths, are being rapidly depleted. The mammoth current account deficit, widely forecast to exceed $50 billion next year, is being financed primarily by high-cost foreign inflows into U.S. money and bond markets. The steady decline in net investment income from abroad due to rising interest payments is sapping the robustness of the United States's position in the world economy.

Even if international investors do not increase further the proportion of dollars in their portfolios, the United States can count on a continuing substantial supply of new foreign savings in dollars, which will help finance its current account deficit. International investors' incomes have been boosted strongly in the 1980s by the rise of interest rates and bond yields from their depressed levels of the 1970s. The rate of saving out of these incomes, which are booked largely through tax havens, is high and a large share is reinvested in dollars.

Japan has now emerged as the largest supplier of savings to the international markets. Its investment institutions are buying foreign bonds at a $20-billion-a-year rate, absorbing about two-thirds of Japan's giant current account surplus. About 80 percent of these purchases are estimated to go into dollars.

Flight Capital

Flight capital from Asia and Latin America is a continuing, albeit unstable, source of dollar savings outside the United States. But the overall importance of flight capital in financing the U.S. current account deficit is often overstated. For capital flight is sometimes accommodated by banks in the afflicted country increasing their external borrowing in dollars, thus drawing funds from the United States.

As the United States's current account deficit and so its need for finance has soared this year, competition from other borrowers for the large volume of foreign savings in dollars has conveniently weakened. The non-OPEC less developed countries are financing their much-reduced deficits almost entirely from official sources and in a wide range of currencies. Current account deficits in the industrialized world outside the United States are contracting and hence the net issue volume of Eurodollar bonds by foreign governments has fallen. Thus an increased share of the foreign savings in dollars is becoming available to finance the U.S. current account deficit.

The dollar can remain strong only if available foreign savings in dollars grow spontaneously in line with the U.S. deficit. This happy coincidence for the dollar is unlikely to continue unless international investors are scared by an aggravation of political risks into increasing further the proportion of their savings in dollars.

There are great obstacles to the most important groups of international investors increasing further the dollar's share in their portfolios. Indeed, considerations of risk diversification suggest that Japanese investors may increase eventually their purchases of bonds in European currencies. In their search for high yields they will probably show keen interest in the British, French and the increasingly popular European Currency Unit bond markets.

International Herald Tribune

Fed Says M-1 Rose $5.5 Billion

United Press International

NEW YORK — The narrowest measure of the U.S. money supply jumped $5.5 billion in the latest week, putting the measure back into the Federal Reserve Board's annual growth target of 5 to 9 percent.

Most analysts' projections this week had called for an increase of about $5 billion.

William V. Sullivan Jr., senior vice president at Dean Witter Reynolds in New York, said the latest figure, which puts M-1 about $3 billion above the lower limit of targets, "should curb protestations of the (Reagan) administration that Fed policy is too restrictive."

But he said the data showed that bank reserves were in a "surprisingly small" net borrowed position of $21 million. The net reserve figure (free or borrowed) indicates whether the Fed has pulled back on reserve requirements that force banks to borrow more from its discount window.

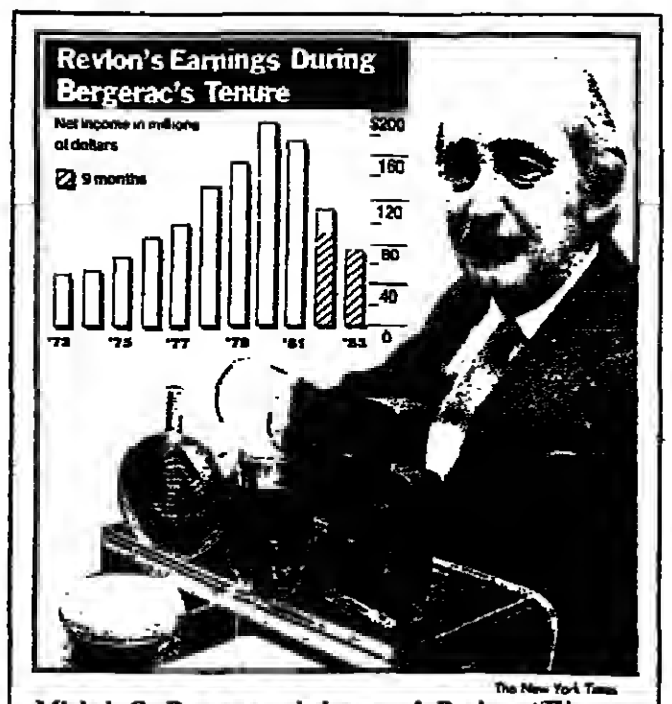
"The small net [borrowed reserve] figure and the revision of last week's [figures] to a free reserve position, means the upward pressure on the fed funds rate (overnight interest on loans between commercial banks) this week may reflect nothing more than seasonal pressures," Mr. Sullivan said.

But he said the "jury still is out" as to whether the Fed has indeed moved to a more restrictive stance.

M-1, comprised of cash, checking and similar accounts — money that is available for immediate spending — was a seasonally adjusted average of $522.7 billion in the week ended Dec. 7, compared with a revised $517.2 billion the previous week. The previous week's figure was originally reported as $517.1 billion.

In the latest 13 weeks, M-1 averaged a 16 percent rate of gain.

Commercial and industrial loans at the nation's major banks rose $873 million in the latest week, compared to a gain of $153 million the previous week.



The New York Times

Michel C. Bergerac, chairman of Revlon. "We got overpraised and we got overblamed," he said.

Revlon's Chief Draws Criticism of Analysts

By Pamela G. Hollie

New York Times Service

NEW YORK — Until 1981, when his company's earnings headed downward for the first time, Michel C. Bergerac, chairman of Revlon Inc., was eager to talk about the cosmetics and health-care giant he was building.

Then Revlon's glamour faded. The company's market share in cosmetics began to slide as more aggressive companies moved ahead in such growing fields as skin-care treatment. A rapid diversification accompanied by the acquisition of several companies that make health-care products, analysts said, distracted Revlon from its cosmetics operation. Add to that the recession.

Suddenly Revlon, like the rest of the industry, discovered that regardless of the advertising budget, the days of rapid growth in cosmetics were over. And Mr. Bergerac's romance with Wall Street ended.

Until then, Mr. Bergerac could do no wrong. From 1975 to 1980, the company's earnings quadrupled. Wall Street analysts praised his Gallic charm and strategic plan to diversify Revlon, which is still the leading U.S. cosmetics company, into health care.

They noticed, but said little about, the 51-year-old executive's long-term contract, signed in 1974, that would make him one of the United States's best-paid executives until his 60th birthday.

He was equal, they said, to the task of replacing the flamboyant company founder, Charles Revson, who lured him away from ITT Corp.'s European business in 1974. Mr. Revson wanted a man to

(Continued on Page 19, Col. 2)

Producer Prices in U.S. Fell 0.2% in November

By John M. Berry

Washington Post Service

WASHINGTON — Producer prices for finished goods fell 0.2 percent last month as energy and food prices both declined a full percentage point, the Labor Department reported Friday.

The seasonally adjusted decline in November had not been expected by most analysts, who had been expecting a modest increase. For Reagan administration officials, it was a pleasant surprise.

"The news on producer prices is remarkably good," said Martin S. Feldstein, chairman of the Council of Economic Advisers.

The index for finished-goods prices rose only 0.7 percent in the past 12 months, he noted, adding that it is "reassuring that prices in almost all product groups either declined last month or increased by a very small amount.

"The continued good inflation news is one of the best things about the current recovery. The inflation performance this year is far better than we expected even a few months ago," Mr. Feldstein said.

The various producer price indexes measure changes in prices charged by producers of goods when they are first sold. The index for finished goods covers products ready for sale to their ultimate user.

The November drop of 0.2 percent was the first decline since March, when the index fell 0.3 percent.

Finished-goods prices other than for consumer foods rose 0.1 percent last month. Prices of capital equipment destined for businesses were unchanged from the previous month.

Prices for consumer goods other than food and energy rose 0.5 percent, compared with no change in October, as prices for apparel, costume jewelry, sporting and athletic goods, luggage and other items increased. Auto prices went up 0.4 percent, half as much as the month before, the department said.

Intermediate-goods prices rose 0.1 percent, the smallest increase since that index declined last April.

A drop in food and feed prices of 0.7 percent offset most of the increases in other items. In the past 12 months, intermediate-goods prices rose 1.9 percent.

The more volatile index of prices for crude goods increased 0.3 percent in November, compared with a 0.2-percent drop the previous month. This index is 3.5 percent higher than it was a year ago.

Despite the small overall increase in producer prices, the cost of some items rose sharply. Softwood lumber prices were up 13.6 percent, crude vegetable oils 52.6 percent, light bulbs 10.3 percent and fresh and dried vegetables 22.2 percent. Pork prices, however, were down 20.8 percent and prices for finished energy goods, such as gasoline, diesel fuel and home heating oil were down 8.8 percent.

Some other economists joined administration officials in expressing their pleasure and the price news.

"You couldn't ask for a better wholesale price performance than this year's," said Jerry Jasinowski of the National Association of Manufacturers, who predicted that inflation in 1984 will be lower than most forecasters expect.

"The slowing of the recovery, a soft oil market, improving productivity and modest wage costs, the over-valued dollar and the priority businessmen are putting on maintaining market shares are all factors that will continue to dampen price increases next year," he said.

Most forecasters agree that the economic expansion is to continue next year, but they are becoming increasingly divided over what inflation will do. Some think consumer prices will climb no more than about 4 percent during 1984 while others predict they will be rising at a rate of 7 percent or more before the year is out.

■ Capacity Use Rises

The Federal Reserve Board said Friday that U.S. factories, utilities and mines operated at a seasonally adjusted 79.2 percent of capacity in November, up from 78.7 percent in October, Reuters reported from Washington.

The October capacity use figure was slightly revised, from 78.6 percent. November's operating rate compares with 69.6 percent in November 1982.

Penney Stores to Halt Home-Computer Sales

The Associated Press

NEW YORK — J.C. Penney Co. said Friday that its stores will not sell home computers after Feb. 1 because the machines carry low profit margins and manufacturers cannot supply enough of the machines.

Penney, which has been shifting its product mixture to emphasize fashionable apparel and other soft goods, is the first major department store chain to drop home computers.

Home computers generally cost under $500, but a severe price war in 1983 drove prices of many machines to less than $200.

Sears, Roebuck & Co., the United States's largest retailer, said it would continue selling small computers for both home and business use. K mart Corp. and Montgomery Ward & Co., a unit of Mobil Corp., also said they would continue selling home computers.

Penney, which is the third-largest U.S. retailer behind Sears and K mart, has been selling computers made by Texas Instruments Inc., Colcco Industries Inc. and the Atari unit of Warner Communications Inc. About 600 of Penney's 1,600 department stores have carried the computers.

Penney said that less than 1 percent of its sales — which totaled $7.91 billion in the nine months ended Oct. 29 — came from home computers and that the machines did not fit in with its new ideas about product mixture.

Moreover, changing trends in home-computer retailing are seen as making it more difficult for mid-priced department stores such as Penney to show a profit on home computers.

The biggest sellers of inexpensive computers are toy stores and discount department stores, which can sell the machines for less than stores such as Penney.

Computer specialty outlets also are seen as becoming more important in home-computer sales. The outlets offer more service than discount stores, and were recently given a boost when International Business Machines Corp. said it would sell its PCjr home computer,

(Continued on Page 19, Col. 4)

Banks Cautious on Argentine Request

United Press International

BUENOS AIRES — Western bankers reacted cautiously Friday to an Argentine request for a six-month delay in payments on its $42-billion foreign debt while loans are renegotiated.

On Thursday, Economy Minister Bernardo Grinspun notified an 11-bank steering committee representing 320 private banks with loans to Argentina that the government could not make an $8-billion foreign debt payment that had been negotiated by the former military government and fell due Thursday.

He asked for a grace period until June to renegotiate the Argentine foreign debt that fell due in 1982 and 1983 and that will fall due in 1984. The amount was not immediately known.

Argentina's total foreign debt, the largest in Latin America after Brazil's and Mexico's, is estimated at $42 billion.

Mr. Grinspun told the bank committee that Argentina would try to pay $1 billion in foreign trade financing by March 1984 and would continue to pay the interest and principal on a $225-million loan to the state airline Aerolineas Argentinas. He denied a report that he had asked for a moratorium on all loan payments.

"We are in no way asking for a moratorium," he said. "What we have here is a request to ask banks for a period up to June 30 to sign a renegotiation."

Mr. Grinspun sent a telex to William R. Rhodes, chairman of Argentina's bank advisory committee in New York, "assuring the international financial community that Argentina does not intend to request any moratorium or repudiate any executed agreements," Mr. Rhodes said.

"No decisions were made by the steering committee Thursday.

Some bankers said they were willing to grant President Raúl Alfonsín's new government some concessions but they balked at granting a 6½-month grace period for interest payments.

"A delay in interest payments until June 30 will not be accepted," a Western banker who asked to remain unidentified said early Friday. "They will have to pay some interest."

A government source said the government believed securing a long grace period for interest payments was critical in renegotiating the debt. "It wouldn't make any sense just to ask for a delay just in the principle, since the really burdensome payments are the interest," the source said.

AP

William R. Rhodes

Another Western banker said Argentina's creditors recognized that they needed to help spark the country's depressed economy in order to get their money back. As the banker put it: "How are we going to get paid back if we don't generate some cash?"

Dollar Rises to More Records; Gold Falls Sharply

United Press International

NEW YORK — The dollar climbed again to records on foreign-exchange markets Friday, while gold continued to fall sharply.

Dealers said the Bank of England and other European central banks intervened modestly to cushion the effects of the advancing dollar.

In New York, the British pound and the French franc again hit new lows, while the Deutsche mark also continued to slump.

Dealers said the $5.5-billion jump in the narrowest measure of the U.S. money supply, M-1, had only a modest impact. Some had expected a larger increase.

In Zurich gold ended trading at $377.50 an ounce, down from $389.50 Thursday. It closed in London at $373.875, a hefty drop from Thursday's close of $389.125. In New York, gold for delivery this month on the New York Commodity Exchange settled at $372.60, down from $380.60.

Swiss bullion dealers attributed the sharp two-day drop (from nearly $390 two days ago) to the strong dollar and the prospect of higher U.S. interest rates.

Zurich dealers added that the liquidation included people who had held gold for long periods. "We're very close to the recent spot (cash) low of $372," said Martin McNeill, vice president at Sinclair Co., a commodities firm. "People are afraid once it touches that price it will go much lower."

Mr. McNeill said the selloff was sparked by Henry Kaufman's prediction of higher interest rates. "But the major factor Friday was the drop in [U.S.] producer prices, which proved we're still in a deflationary period," he said. Gold's historical role is as a hedge against eroding paper assets caused by inflation.

With only modest central bank intervention to dampen enthusiasm, the dollar surged ahead on both European and U.S. markets. A dearth of sellers and the thin pre-Christmas volume contributed to the new high levels, which were records or near-records.

In New York, the pound fell to $1.4175 from Thursday's $1.4205. The Deutsche mark eased nearly a pfennig to 2.7755 from the previous day's 2.7680, and the French franc closed at 8.4675 from 8.4475. The Japanese yen weakened to 235.35 from 234.80.

Dealers said expectations of a jump in the U.S. money supply fueled the rush to hold dollars. But bank dealers said the psychology was so overwhelmingly pro-dollar that it would go higher before the weekend no matter what happened.

NYSE Prices Manage First Gain in 4 Sessions

United Press International

NEW YORK — Prices on the New York Stock Exchange made their first gain in four sessions on Friday.

Selected blue-chip issues and some high-technology stocks were leaders in an afternoon rally that almost ran out of steam. Oil stocks eased after Southland's Citgo unit lowered crude oil prices.

The Dow Jones industrial average, which declined 9.86 Thursday, gained 5.38 Friday to 1,242.17. But the average lost 17.89 for the week overall and is down 45.03 points since hitting a record high of 1,287.20 on Nov. 29.

Declines outnumbered advances 798 to 765 among the 2,016 issues traded. Volume totaled 81 million shares, down from the 88.3 million traded Thursday.

Analysts said that many investors stayed on the sidelines Friday to wait for the Federal Reserve's report after the market closed that showed the U.S. money supply rose $5.5 billion in the latest statistical period. The rise was expected.

On the trading floor, American Telephone & Telegraph was the most active NYSE-listed issue, up ¼ to 63⅜.

American Express, which rose ⅝ Thursday, was third, up ½ to 30⅞. The stock was jolted earlier this week after American Express's Fireman's Fund unit said it would have a fourth-quarter loss.

IBM, which declined 2⅜ over previous two sessions, rose 1⅜ to 120⅞. Hitachi, which has been accused of technology theft by IBM, lost ⅝ to 33¾.

General Motors rose 1⅜ to 74⅛, Ford gained ⅛ to 40⅜ and Chrysler increased ⅜ to 26¾. A federal appeals court said the Environmental Protection Agency could not order the recall of cars that were more than five years old or had been driven more than 50,000 miles. (Page 8.)

CURRENCY RATES

Interbank exchange rates for Dec. 16 ; excluding bank service charges

	$	£	D.M.	F.F.	H.L.	Gldr.	B.F.	S.F.	D.K.
Amsterdam	3.1115	4.409	112.25 *	36.495 *	0.1853	—	5.51 *	140.47 *	30.94 *
Brussels(a)	56.28	80.02	20.3755	6.6495	3.3645 *	18.1465	—	25.545	5.6275
Frankfurt	2.7745	3.927	—	32.75 *	1.651 x	89.10 *	4.912 *	125.33 *	27.60 *
London (b)	1.4141	—	3.9295	11.9775	2,377.30	4.4088	80.045	3.1333	14.2088
Milan	1,680.00	2,380.40	606.02	198.33	—	539.98	29.75	758.98	167.37
New York	—	1.4175	0.3603	0.1181	0.0595 *	0.3211	0.0177	0.4521	0.0997
Paris	8.475	12.00	305.52 *	—	5.8455 x	273.17 *	14.994 *	382.80 *	84.42 *
Zurich	2.2123	3.1348	79.73 *	26.125 *	0.1318	71.135 *	3.9162 *	—	22.02 *
1 ECU	0.8134	0.5745	2.2571	6.8949	1,366.44	2.5328	45.9874	1.8012	8.1702
1 SDR	1.0385	0.73316	2.878	8.7992	1,744.68	3.2313	58.6545	2.2987	10.4255

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
0.8955	Australian $	1.1167	0.0099	Israeli shekel	108.545	0.4678	Singapore $	2.1375
0.0512	Austrian schilling	19.545	0.0042	Japanese yen	235.475	0.8165	S. African rand	1.2247
0.0175	Belgian fin. franc	57.15	3.4106	Kuwaiti dinar	0.2932	0.0012	S. Korean won	808.30
0.7995	Canadian $	1.2508	0.427	Malay. ringgit	2.3418	0.0063	Span. peseta	159.35
0.0996	Danish krone	10.0425	0.1282	Norw. krone	7.8025	0.123	Swed. krona	8.13
0.1698	Finnish mark	5.891	0.071	Phil. peso	14.0805	0.0249	Taiwan $	40.20
0.0101	Greek drachma	98.98	0.0075	Port. escudo	132.731	0.0435	Thai baht	22.975
0.1279	Hong Kong $	7.821	0.2869	Saudi riyal	3.485	0.2723	U.A.E. dirham	3.6725
1.119	Irish £	0.8937						

£ Sterling: 1.2653 Irish £

(a) Commercial franc (b) Amounts needed to buy one pound (*) Units of 100 (x) Units of 1,000
N.Q.: not quoted; N.A.: not available.

INTEREST RATES

Eurocurrency Deposits

Dec. 16

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1M.	10½ - 10⅝	6½ - 6⅝	5 - 5⅛	9⅛ - 9¼	12¾ - 12⅞	9⅝ - 9¾	9½ - 9⅝
2M.	10⅝ - 10¾	6⅝ - 6½	4⅝ - 4¾	9⅜ - 9½	13⅛ - 13¼	9⅝ - 9¾	9½ - 9⅝
3M.	10¾ - 10⅞	6⅜ - 6½	4⅝ - 4¾	9⅜ - 9½	13⅜ - 13½	9⅝ - 9¾	9⅝ - 9¾
6M.	10¾ - 10⅞	6½ - 6⅝	4⅝ - 4¾	9⅝ - 9¾	14¼ - 14⅜	9¾ - 10	9½ - 9⅝
1Y.	10⅞ - 11	6⅝ - 6¾	4⅝ - 4¾	10⅛ - 10¼	14⅜ - 14½	10 - 10⅛	9¾ - 10

Key Money Rates

United States	Close	Prev.
Discount Rate	8½	8½
Federal Funds	9⅝	10
Prime Rate	11	11
Broker Loan Rate	10¾	10¾
Comm. Paper, 30-179 days	9.85	9.80
3-month Treasury Bills	9.07	9.14
6-month Treasury Bills	9.20	9.26
CD's 30-59 days	9.15	9.15
CD's 60-89 days	9.20	9.20
West Germany		
Lombard Rate	5.50	5.50
Overnight Rate	5.50	5.50
One Month Interbank	6.45	6.55
3-month Interbank	6.55	6.50
6-month Interbank	6.55	6.45
Japan		
Discount Rate	5	5
Call Money	6⅝	6⅝
60-day Interbank	6¾	6¾

Britain	Close	Prev.
Bank Base Rate	9	9
Call Money	9	9
91-day Treasury Bill	9	8⅞
3-month Interbank	9⅝	9⅝
France		
Intervention Rate	12	12
Call Money	12¾	12¾
One-month Interbank	12⅝	12⅝
3-month Interbank	12¾	12¾
6-month Interbank	12⅞	12⅞

Sources: Commerzbank, Bank of Tokyo, Lloyds Bank.

GOLD PRICES

	A.M.	P.M.	Ch'ge
Hong Kong	381.75	381.25	— 7.30
Luxembourg	381.75	—	— 6.75
Paris (12.5 kilo)	380.98	379.93	— 9.09
Zurich	381.25	377.00	— 12.25
London	381.00	377.25	— 11.50
New York	377.25	—	— 11.50

Official fixings for London, Paris and Luxembourg, opening and closing prices for Hong Kong and Zurich, N.Y. Handy & Harman. U.S. dollars per ounce.

Friday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street

(Continued from Page 8)

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
6	2½	Publick				26	3⅜	3¼	3¼	
11¾	6½	Pueblo	.16	2.0	56	20	7⅝	7⅝	7⅝	
8⅝	3½	PR Cem			12	8	8⅝	8⅜	8⅜	— ⅛
16½	13⅞	PugetP	1.76	12.4	8	109	14⅝	14¼	14¼	
37½	15⅝	PulteH s	.10	.4	15	229	24¼	23¾	23⅝	— ⅛
26⅞	11¼	PurlmF			7	172	17⅜	17¼	17⅜	+ ⅛
70	48	Purolat	1.20	2.0	14	135	62	61⅝	61⅝	
8⅝	4¼	Pyro			12	192	8	7⅞	7⅞	— ⅛
Q										
63⅞	40¾	QuakO	2.20	2.7	19	136	59⅝	58⅝	59	— ¼
25½	14⅝	QuakSO	.80a	4.5	11	264	18	17⅜	17¾	+ ⅛
10⅝	5¾	Quanex				134	9⅝	9⅜	9½	
26¾	15⅞	QkReil n	.10e	.6	11	156	16⅜	15⅞	16¼	+ ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a— dividend also extra(s).
b— annual rate of dividend plus stock dividend.
c— liquidating dividend.
cld— called.
d— new yearly low.
e— dividend declared or paid in preceding 12 months.
g— dividend in Canadian funds, subject to 15% non-residence tax.
i— dividend declared after split-up or stock dividend.
j— dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k— dividend declared or paid this year, an accumulative issue with dividends in arrears.
n— new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd— next day delivery.
P/E— price-earnings ratio.
r— dividend declared or paid in preceding 12 months, plus stock dividend.
s— stock split. Dividend begins with date of split.
sls— sales.
t— dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u— new yearly high.
v— trading halted.
vi— in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd— when distributed.
wi— when issued.
ww— with warrants.
x— ex-dividend or ex-rights.
xdis— ex-distribution.
xw— without warrants.
y— ex-dividend and sales in full.
yld— yield.
z— sales in full.

Floating Rate Notes Dec. 16

Prices supplied by Credit Suisse-First Boston Ltd., London

U.S. Futures Prices Dec. 16

London Commodities

Dec. 16

Figures in sterling per metric ton. Gasoil in U.S. dollars per metric ton.

	High	Low	Close		Previous	
SUGAR						
Mar	155.25	152.25	154.60	154.75	153.25	153.40
May	160.50	151.75	160.25	160.40	158.50	158.75
1,410 lots of 50 tons.						
COCOA						
Dec	1,906	1,847	1,903	1,905	1,846	1,850
Mar	1,895	1,826	1,884	1,885	1,836	1,837
May	1,887	1,818	1,874	1,875	1,823	1,822
Jul	1,861	1,808	1,860	1,870	1,808	1,810
Sep	1,848	1,790	1,846	1,850	1,792	1,793
Dec	1,820	1,756	1,870	1,823	1,758	1,761
Mar	1,818	1,803	1,817	1,822	1,755	1,758
9,505 lots of 10 tons.						
COFFEE						
Jan	2,143	2,105	2,123	2,125	2,098	2,105
Mar	2,034	1,995	2,020	2,021	1,996	1,998
May	1,930	1,907	1,923	1,924	1,911	1,914
Jly	1,875	1,870	1,872	1,877	1,866	1,870
Sep	1,838	1,825	1,837	1,838	1,824	1,828
Nov	1,810	1,776	1,805	1,810	1,794	1,798
Jan	1,770	1,770	1,765	1,780	1,760	1,761
3,093 lots of 5 tons.						
GASOIL						
Dec	239.50	238.00	238.50	239.50	239.75	240.50
Jan	241.75	239.00	240.75	241.50	241.50	241.25
Feb	239.00	237.00	238.00	238.75	238.75	239.00
Mar	235.00	233.00	234.25	234.75	235.50	235.75
Apr	232.50	231.00	231.75	232.50	232.25	232.50
May	230.50	229.00	231.00	231.50	231.50	231.50
Jun	231.00	229.25	230.75	231.25	231.25	231.75
Jul	230.50	230.50	229.00	231.00	231.25	233.00
Aug	N.T.	N.T.	228.00	240.00	228.25	234.75
2,477 lots of 100 tons.						
GOLD						
Dec	381.90	381.90	378.00	378.00	388.00	392.00
Feb	386.00	381.00	381.80	382.00	394.00	394.20
Mar	N.T.	N.T.	392.50	397.50	N.Q.	N.Q.
Apr	391.00	389.50	388.30	388.50	399.50	401.00
Jun	N.T.	N.T.	394.50	395.00	405.50	407.50
Aug	N.T.	N.T.	400.70	401.50	412.00	415.00
Oct	407.80	407.80	407.30	408.00	418.00	421.00
592 lots of 100 troy oz.						

Belgian Industrial Output Up

Reuters

BRUSSELS — Belgium's industrial production index rose a provisional 10.6 percent in September after rising 22.5 percent in August, the national statistics office said Friday. It said the index, which excludes the construction industry and is adjusted for variations in each month's number of working days, was 2.8 percent above September 1982.

Paris Commodities

NYSE Highs-Lows Dec. 16

Dividends Dec. 16

London Metals Dec. 16

Cash Prices Dec. 16

AMEX Highs-Lows Dec. 16

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GE to Sell Houseware Business

United Press International

NEW YORK — General Electric Co. of the United States agreed in principle on Friday to sell its housewares operations to Black & Decker Manufacturing Co., the power-tool company, for about $300 million in cash and notes, the companies announced.

The sale would give Black & Decker, based in Towson, Maryland, a wide range of household products and small appliances, including toasters, toaster-ovens, coffeemakers, food processors, juicers, electric can openers, irons and hair dryers.

The purchase of GE's small-appliances businesses, which are expected to have 1983 sales of more than $470 million, will not involve GE's audio electronics products or any of the other GE consumer lines such as major appliances, video and lighting products.

"General Electric has made a strategic decision to concentrate its consumer-products resources in the large-scale consumer businesses where it can apply substantial technological and financial strengths," said Paul W. Van Orden, GE executive vice president and executive of the Consumer Products Sector. GE is based in Fairfield, Connecticut.

Laurence J. Farley, president and chief executive officer of Black & Decker, said a major strategic objective of his company has been to diversify its products offerings for the home.

"This acquisition contributes not only a broad range of quality products in established and growing markets, but also well managed operations and an excellent Western Hemisphere distribution system for household products," Mr. Farley said.

Under terms of the agreement, Black & Decker will be permitted to use the General Electric brand name on the GE appliances for three years. Product warranties on GE brand small appliances will be honored by Black & Decker, the companies said.

The sale would involve GE manufacturing facilities in Brockport, New York; Allentown, Pennsylvania, and Ashboro, North Carolina, as well as GE's housewares business in Canada, Brazil, Mexico and a housewares manufacturing facility in Singapore.

Reagan Decides to Tighten Controls on Textile Imports

United Press International

WASHINGTON — The White House on Friday announced that it will tighten up existing U.S. controls on imports of textiles and clothing from the rest of the world to prevent sudden increases.

The plan, approved by President Ronald Reagan after a series of high-level meetings with advisers, was being relayed to leaders of the domestic textile industry.

If the industry approves the plan, it is expected not to refile an unfair trade case against China, in which it charged Beijing with subsidizing its textile exports to the United States by more than 40 percent.

The administration last week persuaded the industry to withdraw its complaint for 10 days to give it time to consider a broader plan of import protection, involving other major producers along with China.

China is now the fourth largest supplier of textiles to the United States, after Taiwan, Hong Kong and South Korea. All these countries already are under U.S. quotas limiting their textile shipments to this country.

Hitachi Says Software Violates IBM Copyright

The Associated Press

TOKYO — Hitachi Ltd. said Friday that the operating software used in its supercomputer infringes on copyrights held by International Business Machines Corp.

As a result, Hitachi said, it had asked Tokyo University, the only purchaser thus far of the high-speed computer, to switch its software contract to IBM. Operating software polices a computer's basic functions.

A Hitachi spokesman said the supercomputer software issue "basically isn't a major problem," and added that Hitachi plans to develop independently alternative software for its supercomputer by next March.

However, it was Hitachi's first admission linking its S-810-20 supercomputer to its recent out-of-court settlement with IBM over the American company's allegations that Hitachi sought to steal technological secrets from it.

Hitachi is Japan's fourth-largest manufacturer of data-processing equipment while IBM, based in Armonk, New York, is the world's largest computer maker.

Hitachi previously admitted, in general terms, that it will pay IBM large fees for several years because some of the computer software it makes is too similar to IBM's, and that some users of Hitachi's software are being asked by Hitachi to sign licensing agreements with IBM.

Hitachi said Nov. 22 that in some cases it will pay fees due IBM from Hitachi customers who find they need a new contract with IBM because of the copyright issue.

Hitachi subsequently revealed in early December that it is paying IBM between 500 million and 1 billion yen ($2.1 million and $4.3 million) a month for the use of IBM software. It was not clear, however, whether that figure covers only Hitachi's own use of IBM software, or includes payments on behalf of Hitachi customers.

A spokesman had said Hitachi expects to spend about 1 billion yen a year in taking over the cost of its customers' contracts, but had declined to say how many years the agreement is expected to last.

The spokesman also declined at the time to identify the software models and the clients affected by the agreement.

On Friday, however, a Hitachi spokesman said Tokyo University is one of 20 of the customers affected, and confirmed that the operating software in question is one that IBM alleges infringes on its software.

An official at Tokyo University's computer center said the school has not reached a decision on switching its contract.

Hitachi called the supercomputer the world's fastest when it was introduced, and it was seen as a key part of the company's effort to be recognized as a world leader in computers.

Supercomputers, which cost millions of dollars, process complex data at high speeds. They have been used mainly for military, weather, scientific and academic purposes, but a few private companies recently have purchased them for industrial uses.

Citicorp Set to Buy 2 Big S&Ls

United Press International

WASHINGTON — In a reach across state lines to the West and South, New York's Citicorp Friday obtained preliminary approval to acquire large savings and loans associations in Miami and Chicago.

The Federal Home Loan Bank Board announced that Citicorp, the nation's largest bank holding company and parent of Citibank, was winning bidder for New Biscayne Federal Savings & Loan, a troubled $1.8-billion savings association based in Miami with 34 offices throughout Florida.

That announcement followed closely on Thursday night's bank board disclosure that Citicorp was the winning bidder for Chicago's $4-billion First Federal Savings & Loan.

The First Federal acquisition would be the single biggest merger across both state and industry lines ever forced on government regulators to avoid a far more expensive collapse of a federally insured institution.

It would give Citicorp 61 offices throughout Illinois.

Both mergers must still be approved by the Federal Reserve Board.

But the Fed established a precedent when it let Citicorp acquire a solid presence on the West Coast 13 months ago in taking over a large San Francisco savings and loan, renaming it Citicorp Savings.

Interstate commercial banking is still prohibited by banking regulations on the books since the Depression era. And the Federal Reserve Board made it clear earlier this week that it was going to make it harder for companies to use various loopholes to establish new operations offering anything approaching full service across state lines.

But the size of the three failing savings and loans involved in the Miami, Chicago and San Francisco cases made it necessary for regulators to seek help from the nation's largest financial institutions.

The two latest mergers would bring Citicorp's assets to nearly $136 billion, compared to the asset strength of Bank of America, its West Coast rival, of about $122 billion.

While the federal insurance fund was rescuing the institutions from collapse, Citicorp's winning bids in effect rescued the fund from having to drain its resources by paying off any depositor with up to $100,000 in the institutions.

BUSINESS BRIEFS

French Adjusted Trade Gap Widened And Joblessness Rose 3.1% in Month

PARIS (Reuters) — France recorded a seasonally adjusted trade deficit last month of 1.59 billion francs ($188.3 million), compared with a deficit of 893 million francs in October, the Foreign Trade Ministry said Friday.

Adjusted imports rose to 68.59 billion francs from 65.18 billion francs while adjusted exports increased to 67 billion francs from 64.28 billion.

Separately, the Labor Ministry said that unemployment rose 3.1 percent to a seasonally adjusted 2,097,400 in November from 2,034,600 in October, and was 2.9 percent higher than a year earlier.

Agee Resigns From Allied Corp. Board

AP

William M. Agee

MORRIS TOWNSHIP, New Jersey (AP) — William M. Agee, who was chairman of Bendix Corp. before its merger into Allied Corp. and briefly served as president of the combined company, has resigned from its board, Allied officials announced Friday.

The announcement said Mr. Agee's letter of resignation cited "the growing concern I have felt as my efforts to contribute have been discouraged."

Mr. Agee also said he was pleased the $1.9-billion merger of the two companies had gone smoothly, and the Allied board adopted a resolution expressing deep appreciation for Mr. Agee's "valued services and his contributions to Bendix and Allied," the announcement said.

Bendix and Allied were merged effective last Jan. 1, and Mr. Agee became president of the combined company, "except that none of Allied's operations reported to him," said a company spokesman.

Toyota Production Rose in November

TOKYO (UPI) — Toyota Motor Corp. produced 291,339 antos in November, up 9.5 percent from a year earlier, the company reported Friday.

Toyota's performance far outstripped its main rival, Nissan Motor Co., whose auto ouput for the month posted a 0.5-percent gain to 213,470 units, Nissan said in a separate report.

Output of all categories of motor vehicles for the month came to 974,602 units, up 5.9 percent.

Crocker to Report $57-Million Loss

NEW YORK (NYT) — Crocker National Corp. said that it would report a loss of about $57 million for the fourth quarter and a loss of about $10 million for the entire year.

Crocker, which for years has reported poor earnings relative to other major bank groups, attributed on Thursday the expected losses primarily to unfavorable real estate and agricultural loans. The San Francisco-based group earned $17.8 million in the 1982 fourth quarter.

Murdoch Raises Warner Stake to 7%

WASHINGTON (Combined Dispatches) — Rupert Murdoch's News Corp. said it acquired an additional 133,400 shares of Warner Communications Inc.

The shares were purchased between Dec. 2 and Dec. 7 and increased News Corp. holdings in Warner to 4.5 million shares, or 7 percent of Warner's stock outstanding, according to a report filed with the Securities and Exchange Commission Thursday. The shares were purchased at prices of $22.625 to $23.50 a share.

Separately, Warner warned News Corp. that further stock purchases could jeopardize Warner's cable-television franchises in New York and Boston. *(Reuters, NYT)*

Revlon's Chief Draws Criticism of Analysts

(Continued from Page 17)

build Revlon's health-care business as a balance to its cosmetics business.

Mr. Bergerac did. But in the view of some analysts, he failed to go far enough in reorganizing the company's cumbersome management, revising distribution or creating new products to captivate the cosmetics shopper. "I think there is a lot more to do," said Jack Salzman, an analyst for Smith Barney, Harris Upham & Co.

And even now, in his first interview with a daily newspaper in more than a year, Mr. Bergerac makes no solid prediction about when Revlon might recover from its three-year slump. "Being optimistic, I would tell you it will happen in 1984," he said.

Mr. Bergerac now says the heady excitement of nearly a decade ago has come back to haunt him. "The pendulum has swung too far both ways," he said. "We got overpraised and we got overblamed."

By the principal measure that matters to investors — earnings — Revlon has slipped with the rest of the cosmetics industry. Even Mr. Bergerac's rapid diversification into health care could not prevent a slide in profits from a record $192 million on sales of $2.2 billion in 1980, to $111 million on sales of $2.4 billion in 1982.

And in the first nine months of 1983, Revlon's earnings were down 17 percent from a year earlier. Its per-share earnings were up 33 percent in the third quarter, but that was because the company repurchased its series A stock in July. The repurchase of the stock, which had been issued in 1980 for an acquisition, cost the company $287 million.

If it had not been for health care, which accounts for about 55 percent of Revlon's sales, the company might be faring worse.

Since Mr. Bergerac joined Revlon in 1974, he has diversified the company to prepare it for the inevitable slowing of growth in the cosmetics field. He has chosen companies in a variety of growing health-care markets, including diagnostic, proprietary and ethical drugs and vision care. The common thread among them, he said, is that they are in "less regulated" areas of health care.

Revlon has done relatively well in this field. Most of the acquired companies have developed successful new products, such as the Oxy line of anti-acne preparations. Mr. Bergerac is proud of the company's rapid rise to 55 percent of the market in extended-wear contact lenses.

But he is embarrassed by Revlon's salt substitute, which was introduced last year. "No Salt started like a house on fire," said Mr. Bergerac, who takes responsibility for developing the product. "But people didn't like it." No decision has yet been made about the product, and it is still on supermarket shelves.

Although health care represents Revlon's future, the company is still the largest U.S. cosmetics retailer. Its market share dropped to nearly 17 percent in 1982 but now stands at almost 20 percent.

Revlon, long used to being the biggest and the best, was not prepared for the change in the cosmetics industry. The company's chief mistake, analysts say, was its failure to change its policy and sell to the mass market at popular prices. In cosmetics, the prestige and discount markets are the areas of growth and Revlon was in the middle.

"The marketplace changed and they didn't understand it," said Allan Mottus, publisher of the Informationist, an industry newsletter. According to Mottus, Revlon has failed to identify the new Revlon woman. It has been 10 years, he said, since Mr. Revson, who believed that women should not wear pants, created the industry's most successful life-style fragrance, Charlie, and ignored his own feelings for the sake of exploiting a new market.

"Revson had an unbelievable gut instinct," Mr. Mottus said. "With Charlie, Mr. Revson put a man's name on a woman's fragrance and made a wide-striding, confident young female in white slacks, jacket and hat its image. Since then Revlon hasn't done enough to turn the consumer on."

Mr. Bergerac is aware of the criticism. That is why Revlon will spend the bulk of its more than $250 million in advertising and promotion this year on its major cosmetics lines.

Mr. Bergerac emphasized that he is intimately involved in cosmetics. He is not running a holding company, he said. In 1979, he said, he had found a new fragrance in Kenya. That fragrance, from the African lantana bush, is now the basic scent in the company's new Ebene men's cologne, which was introduced in France a few months ago.

And next month, the company will introduce its Hair's Daily Requirement products, which include four shampoos and four conditioners. The new products will have a $25-million budget for advertising and promotion.

But again, the company will not be first with a new product line. Revlon will face stiff competition from Finesse, made by Helene Curtis, Jhirmack, which is part of Esmark, and Silkience, made by Gillette, among others.

U.S.-China Trade Declined by 23% Through October

United Press International

BEIJING — U.S.-Chinese trade has gone into its worst decline in recent years, U.S. Embassy figures indicated Friday.

Total trade from January through October was $3.46 billion, down 23 percent from the corresponding period last year. U.S. agricultural exports, the traditional backbone of U.S. sales to China, dropped 73 percent in the period while China's exports to the United States remained stable.

The result was a sharp reversal of trade deficits. The United States had a deficit with China totaling $298 million in the first 10 months of 1983, compared with a $655-million surplus with China a year earlier, the embassy said.

At the current rate, the bilateral trade may not even match 1980's total of $4.8 billion and may fall well short of last year's $5.2 billion and 1981's $5.5 billion.

U.S. exports were hurt by China's embargo on wheat, cotton and synthetic fibers. The retaliatory ban went into effect in January, shortly after the Reagan administration had imposed unilateral quotas on Chinese textile imports.

Penney Drops Computers

(Continued from Page 17)

which carries a suggested list price of $669 and up, mainly in such specialty outlets along with its own product centers.

Certain Sears stores also are authorized IBM dealers.

Both Coleco and Atari have struggled to deliver home computers in sufficient quantities for the Christmas season, and Penney said it has had particular problems in getting enough of Coleco's new Adam computers.

Penney also sold computers made by Coleco, Texas Instruments and Atari through its Christmas catalog, but a Penney spokesman, Duncan Muir, said Penney will not include Coleco computers in its spring catalog and would carry only one Atari computer, the 600XL.

Mannesmann Orders

Reuters

DUISBURG, West Germany — Mannesmann Demag AG, a subsidiary of Mannesmann AG, said Friday that it had booked several new orders totaling more than 185 million Deutsche marks ($68.5 million).

Friday's AMEX Closing

Vol. at 4 p.m.	6,960,000
Prev. 4 p.m. Vol.	7,350,000
Pres. Consolidated Close	7,350,000

Tables include the nationwide prices up to the closing on Wall Street

Manila May Seek New Moratorium

Reuters

MANILA — Prime Minister César Virata said Friday that the Philippines may have to seek an extension of its 90-day moratorium on repayment of debt principal.

The extension would include interest not covered by the initial moratorium, he said at a news conference.

Private economists said the Philippines has failed to pay about $500 million in interest during the moratorium, which is due to expire Jan. 16.

The Philippines sought the present moratorium in mid-October while negotiations on a financial program were under way with a 12-bank advisory committee representing its major creditors.

"Since we will not be able to complete the talks, we have received advice from the advisory group that we would probably have to seek another standstill before Jan. 16," said Mr. Virata, who returned on Thursday from discussions in the United States. He did not indicate how long of a moratorium his government would seek.

Over-the-Counter

Dec. 16

NASDAQ National Market Prices

Gold Options (prices in $/oz.)

Prices	Feb.	May	Aug.
390	9.50-11.50	19.50-21.50	— —
410	3.50- 5.00	10.50-12.50	19.00-22.00
430	1.75- 3.25	6.25- 7.75	12.00-14.50
450	— —	2.50- 4.00	7.50- 9.50
470	— —	— —	4.50- 6.00

Gold: 381.10-381.60

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SPORTS

Kuhn Suspends 4 Players for Season for Drug Use

By Joseph Durso
New York Times Service

NEW YORK — Bowie Kuhn, the commissioner of baseball, has imposed one-year suspensions without pay on four players involved with the use of illegal drugs: Willie Wilson, Willie Aikens and Jerry Martin, all of whom played last season for the Kansas City Royals, and Steve Howe of the Los Angeles Dodgers.

The penalties, announced Thursday, were the most severe against players in Kuhn's 15 years as commissioner and followed toughened policies recently instituted against drug use in both professional baseball and pro football.

But in all four cases, Kuhn said, the punishment could be changed by events. Howe's suspension will be reviewed after one year, and might be ended or lengthened. But the three other cases will be reviewed May 15, 1984, and the players might be reinstated then.

"As a sport," Kuhn said in a two-page statement announcing the penalties, "we have been very fortunate the problems with illegal drugs have not been epidemic. Nonetheless, we have recognized that our players are models for young people, and must behave accordingly. We have continually warned everyone in baseball that we cannot and will not tolerate illegal drug use."

In an interview later, he said of his action:

"I think there's a message that we take the drug problem seriously. We are going to do what is reasonably necessary to protect our game."


Steve Howe


Willie Aikens


Willie Wilson


Jerry Martin

AP

Kuhn, who is leaving office in the next few weeks, also said that he had notified the Major League Baseball Players Association of his action but that he did not know how it would react. He conceded that the association might take the issue to arbitration and further conceded that an arbitrator had the power to overturn the suspensions.

The association had indicated that it would file a grievance against any long suspensions, noting that three-month prison sentences had already been imposed on Wilson, Aikens and Martin.

In fact, Wilson and Martin began serving their sentences on Dec. 5 at a federal prison in Fort Worth. And Aikens is scheduled to begin his sentence Jan. 3, after he completes drug treatment at a rehabilitation center in Baltimore.

These three players were caught this autumn in a federal cocaine investigation in the Kansas City area. All three pleaded guilty to a reduced charge of attempting to possess cocaine, a misdemeanor. On Nov. 17, Wilson and Aikens were sentenced to one year in prison and were fined $5,000 each, although the court suspended all but three months of the prison term. Martin got one year in prison, also reduced to three months, and was fined $2,500.

Wilson, a center fielder who was the batting champion of the American League in 1982, is the only one expected to return to the Royals. The team released Martin at the end of the season, before the drug investigation fully developed, and has worked out a tentative trade that would send Aikens to the Toronto Blue Jays.

[John Schuerholz, general manager of the Royals, said the team will take no further action against the players. "The message is clear — he (Kuhn) cares about the integrity of the sport," Schuerholz said in Kansas City, The Associated Press reported.

[But Martin's lawyer, William Simpson, said the decision "seriously jeopardizes Jerry's baseball career." Ron Shapiro, Aikens' agent, vowed that the power-hitting first baseman "will play again."

[And Wilson, interviewed from prison, said that he understood Kuhn's warning, "but if he wants to make me a role model, that's fine on the field. Baseball is my job. But off the field, I'm a role model to my own kids. That's all I have to do."]

Howe, the star left-handed relief pitcher for the Dodgers, was not involved in any investigation. But during the last 13 months, he has left the team three times for drug treatment. The Dodgers withheld his month's salary of $54,000 for May, but the players association is contesting the action.

"Howe has undergone repeated treatment for drug abuse over the last 13 months," Kuhn said, "and has been placed on various aftercare and probationary programs. Notwithstanding these efforts, Howe has repeatedly violated the terms of his probation and has continued his involvement with illegal drugs. For instance, on three separate occasions in November, weekly drug tests administered to Howe returned positive results for cocaine use."

[Peter O'Malley, owner of the Dodgers, said that he supports Kuhn's decision, AP reported from Los Angeles. "Baseball and illegal drugs are incompatible and we will not tolerate the use of these drugs by any of our employes," O'Malley said.

[He added that the Dodgers were optimistic that Howe would return for the 1985 season.

[However, Roy Bell, Howe's lawyer, called the decision a "turn of the century knee-jerk reaction." He said, "I don't think you should punish someone who has a disease. The guy (Howe) is ill."]

SPORTS BRIEFS

Yankees Replace Martin With Berra

NEW YORK (AP) — Billy Martin's third tenure as manager of the New York Yankees ended Friday when he was fired by owner George Steinbrenner, who named first base coach Yogi Berra the new pilot. Steinbrenner said Martin would remain with the club as an advisor.

The long-expected announcement marked the 11th managerial change Steinbrenner has made since heading the group of partners who purchased the team in 1973.

It is the second time Berra, the 58-year-old Hall of Fame catcher, has been named manager of the team. He led the Yankees to the American League pennant in 1964 but after New York lost the seventh game of the World Series to St. Louis, Berra was fired.

U.S., Soviet Team Tie Hockey Game

CINCINNATI (UPI) — Ed Olczyk scored a goal early in the third period Thursday night to give the U.S. Olympic hockey team a 4-4 tie with the Soviet Selects. The United States leads the six-game exhibition series, 2-1-1.

Just eight seconds into the game, David A. Jensen scored to give the U.S. team a 1-0 lead. But Evcieni Popikhin scored 28 seconds later to tie the game, and then the Soviet team scored two straight short-handed goals, by Ilia Biakin and Victor Shknrdiuk, for a 3-1 lead.

Scott Bjugstad scored on a slap shot to bring the United States to within 3-2 at 9:22 of the opening period. The Soviet Union then moved ahead 4-2 on a goal by Sergei Odintsov a minute later. Pat LaFontaine trimmed Soviet lead to 4-3 with 75 seconds left in the first period.

Inter Milan Fined for Crowd Trouble

KLOTEN, Switzerland (UPI) — Inter Milan of Italy was fined a total of 28,000 Swiss francs ($12,675) for crowd misbehavior by the the disciplinary commission of the Union of European Football Associations, Europe's governing soccer body, announced Friday.

A 25,000-franc fine was slapped on Inter for incidents involving its Dec. 7 UEFA Cup third round match against Austria Vienna in Milan when fireworks and a smokebomb were set off and the referee and linesmen were bombarded with various missiles after Inter had been eliminated. Another 3,000 franc fine was added for setting off fireworks in the Nov. 2 UEFA Cup second round clash against Groningen of Holland at Bari, Italy, in the second round. Both were repeat offences, the UEFA said.

For the Record

Terry Neill was fired Friday as manager of Arsenal after the London-based club has lost four consecutive games to fall in 16th place in the English First Division. Neill spent £500,000 ($710,000) to buy striker Charlie Nicholas from Glasgow Celtic at the beginning of the season and 18 days ago spent nearly £500,000 to buy defender Tommy Caton from Manchester City. (UPI)

The International Amateur Athletic Federation has decided to introduce a 10,000-meter track event for women beginning in the 1985 World Cup in Canberra, the federation's president, Primo Nebiolo, said Friday in Manila. Women have been seeking inclusion of the 5,000- and 10,000-meter events for women at the 1984 Olympics in Los Angeles. (Reuters)

Gunde Svan of Sweden led from start to finish over a hilly course Friday to win a men's 30-kilometer cross-country ski race in Ramsau, Austria. The 45-second victory allowed Svan to take over the lead from Ove Aunli of Norway in the World Cup standings. Aunli was second with Sweden's Jary Ottosson third. (UPI)

Playoff-Bound Raiders Get That Empty Feeling in Los Angeles

Compiled by Our Staff From Dispatches

LOS ANGELES — In 1980, football fans in New Orleans responded to the Saints' dismal season by calling them the 'Aints' and wearing paper bags over their heads.

But they went to the team's National Football League games.

Los Angeles Raider fans have taken it a step further; they don't even bother to go the games. And of the few who do show up, most leave their car engines running.

Last Sunday, only 32,111 filed into the 92,000-seat Coliseum to watch the AFC West champion Raiders play the St. Louis Cardinals. In the final minutes of the 34-24 loss, fewer than 5,000 fans remained in the cavernous Coliseum.

And for that kind of treatment, the Raiders moved from Oakland, where every game attracted a capacity crowd of zealots who arrived before the national anthem and had to be asked to leave after the game.

Sunday, the Raiders take on the San Diego Chargers and a victory would give Los Angeles the home field advantage throughout the playoffs. But for the Raiders, is it really an advantage?

"I think a lot of the guys on the team are disgusted with the crowds," said running back Marcus Allen, who played before large and boisterous crowds for four years in the same Coliseum with Southern Cal. "We come out for the game and look at the stands and say, 'Gee, we must be playing a lousy team today.'"

Even head coach Tom Flores, he of few harsh words, is openly disappointed. "I don't want to start criticizing the fans but for a championship team, the crowds haven't been that supportive."

If the Raiders lose, the home field advantage through the playoffs would go to the Miami Dolphins (11-4) if they beat the New York Jets (7-8) in the NFL's only Friday night game this weekend.

Harrah's Reno-Tahoe Sports Book in Reno, Nevada, has made the Raiders 9-point favorites.

The following are the previews of the weekend's other games, with the favorities in parenthesis:

AMERICAN CONFERENCE

Pittsburgh Steelers (10-5) at Cleveland Browns (8-7) — By losing their last two, the Browns blew a chance to win the AFC Central Division. As things stand, they need a victory and losses by Seattle and Buffalo to make the playoffs as a wild-card team. (Cleveland by 3.)

Denver Broncos (9-6) at Kansas City Chiefs (5-10) — A victory by the Broncos would bring the AFC wild-card game to Denver. There's no reason to assume that won't happen. John Elway had his best game as a professional Sunday, throwing three touchdown passes to beat Baltimore. (Denver by 2.)

NFL PREVIEW

Houston Oilers (2-13) at Baltimore Colts (6-9) — The Oilers, in a fight for last place and first draft choice, never have needed a loss so badly. They'll probably get it because the Colts, though they have lost their last five, nearly won two of them with their typically solid defense and a spunky offense. (Baltimore by 4.)

New England Patriots (8-7) at Seattle Seahawks (8-7) — Each team needs a victory to make the playoffs, but the Patriots also need help from other teams. The Patriots have never lost to the Seahawks, and the streak could continue if the Patriots can minimize the Seahawks' rushing yardage. The Patriots have won their last two and four of their last six, but with an inconsistent passing game. (Seattle by 3.)

NATIONAL CONFERENCE

New York Giants (3-11-1) at Washington Redskins (13-2) — The Redskins have scored fewer than 27 points only once this season, and they're not likely to have much trouble with the Giants, even though the Giants have played extremely well on defense the last three weeks. But the Giants' offense has been so inept that each game was a loss. (Washington by 15.)

Los Angeles Rams (8-7) at New Orleans Saints (8-7) — The Saints have never played a more important game. A victory would not only give them their first winning season, but also make them a wild-card team in the playoffs. A loss would eliminate them and push the Rams into the playoffs as the division winner if San Francisco loses to Dallas or a wild-card team if San Francisco wins. (New Orleans by 2.)

Green Bay Packers (8-7) at Chicago Bears (7-8) — The Packers are still in contention for the playoffs as a division winner and a wild-card team, but a victory is essential. It won't come easy. The Packers' last two victories have been struggles, 31-28 over the Bears and 12-9 over Tampa Bay last Monday night. The Bears, meanwhile, have held three of their last four teams to under 75 yards rushing. The exception was the Packers. (Chicago by 2½.)

Philadelphia Eagles (5-10) at St. Louis Cardinals (7-7-1) — With a victory, the Cardinals can complete a remarkable turnaround. They were 2-5-1 over the first half of the season, 5-2 since. In each of the five victories they have shut down the opposing team's running game. (St. Louis by 6.)

Tampa Bay Buccaneers (2-13) at Detroit Lions (8-7) — A victory by the Lions would clinch the NFC Central title for them, and it could give the Cincinnati Bengals the first pick in the 1984 draft. A loss by the Lions would eliminate them from the playoffs unless the top four teams in the division finished at 8-8. (Detroit by 10.)

INTERCONFERENCE

Cincinnati Bengals (7-8) at Minnesota Vikings (7-8) — The second half of the season has been disastrous for the Vikings. They have lost six of their last seven games, largely because of an erratic offense. The Bengals' season has been just the opposite. They have won six of their last eight and are playing defense as well as any team in the league. (Cincinnati 3.)

Buffalo Bills (8-7) at Atlanta Falcons (6-9) — All Buffalo needs to qualify for the playoffs is to defeat Atlanta and have New England and Seattle tie and Cleveland lose to Pittsburgh. At least the first part is likely. The Falcons' defense has trouble stopping anybody, and Joe Ferguson, the Buffalo quarterback, leads the AFC in touchdown passes with 25. (Atlanta by 1½.)

MONDAY NIGHT

Dallas Cowboys (12-3) at San Francisco 49ers (9-6) — The last time the Cowboys played the 49ers in San Francisco, the 49ers won the 1981 NFC championship. This time, not quite as much is on the line, although it is still possible for each team to win its division. The key for the 49ers may be how well they contain Tony Dorsett. The Redskins did and won easily last Sunday, 31-10. (The game is rated even.)

(UPI, NYT)

NBA Standings

EASTERN CONFERENCE

Atlantic Division

	W.	L.	Pct.	GB
Philadelphia	17	5	.773	½
Boston	19	6	.760	—
New York	15	10	.600	4
New Jersey	12	10	.545	5½
Washington	10	13	.435	8
Central Division				
Milwaukee	14	9	.609	—
Detroit	11	12	.478	3
Atlanta	11	13	.458	3½
Chicago	7	14	.333	6
Cleveland	8	17	.320	7
Indiana	5	17	.227	8½

WESTERN CONFERENCE

Midwest Division

	W.	L.	Pct.	GB
Dallas	15	8	.652	—
Utah	15	10	.600	1
Denver	11	12	.478	4
Kansas City	11	12	.478	4
San Antonio	10	15	.400	6
Houston	9	15	.375	6½
Pacific Division				
Portland	17	8	.680	—
Los Angeles	14	7	.667	1
Golden State	12	13	.480	5
Seattle	11	13	.458	5½
Phoenix	9	15	.375	7½
San Diego	8	17	.320	9

Thursday's Results

Phoenix 114, Los Angeles 104 (Nance 33, Davis 25; Abdul-Jabbar 15, Cooper, Garrett 14).

Chicago 113, New York 107 (Woolridge, Wiggins 25, Dailey 22; King 34, Williams 24).

Utah 138, Houston 111 (Dantley 32, Griffith 29; Lloyd 22, Sampson 18).

Golden State 119, Kansas City 114 (Carroll 25, Short 19; E.Johnson, Drew 25, Knight 21).

Portland 118, New Jersey 105 (Natt 20, Paxson, Carr 18; Birdsong 16, Gminski 15).

NHL Standings

WALES CONFERENCE

Patrick Division

	W	L	T	Pts	GF	GA
NY Islanders	21	9	2	44	143	111
Philadelphia	18	10	3	39	142	111
NY Rangers	17	11	4	38	132	123
Washington	14	16	3	30	108	120
Pittsburgh	7	20	4	18	94	127
New Jersey	6	22	2	14	98	141
Adams Division						
Boston	20	8	2	42	141	91
Buffalo	18	10	4	40	127	117
Quebec	17	13	3	37	154	119
Montreal	14	16	2	30	118	123
Hartford	11	15	2	25	107	119

CAMPBELL CONFERENCE

Norris Division

	W	L	T	Pts	GF	GA
Minnesota	15	11	4	34	142	136
St. Louis	13	14	4	30	127	131
Chicago	13	17	2	28	113	126
Toronto	12	14	4	28	138	145
Detroit	10	18	2	22	103	131
Smythe Division						
Edmonton	22	7	3	47	187	131
Vancouver	13	15	3	29	129	131
Calgary	12	13	5	29	108	122
Winnipeg	10	14	4	24	120	149
Los Angeles	9	17	6	24	135	156

Thursday's Results

Montreal 3, Pittsburgh 1 (Lafleur 2 (13), Smith (19); Gatzos (11)).

Boston 4, Hartford 2 (Silk (6), K. Crowder 2 (11), Markwart (8); Dupont (7), Johnson (14)).

Philadelphia 9, Washington 4 (Kerr 2 (22), Propp (18), Holmgren (5), Howe (4), Sinisalo 2 (12), MacLeish (7), Dvorak (3); Currie (5), Gartner (17), Gould (8), Duchesne (6)).

N.Y. Islanders 4, Detroit 2 (Nystrom (9), Goring (12), Tonelli (11), Trottier (20); Dunlop 13), Ogrodnick (19)).

Transition

BASEBALL

MAJOR LEAGUE BASEBALL—Suspended Steve Howe, pitcher, Willie Aikens, first baseman, and Willie Wilson and Jerry Martin, outfielders, for one year for use of illegal drugs.

FOOTBALL

National Football League

TAMPA BAY—Signed Dave Warnke, kicker. Placed Quentin Lowry, linebacker, on injured reserve.

United States Football League

CHICAGO—Named Jim Colbert assistant coach.

NEW ORLEANS—Signed Lawrence Williams, linebacker; Mike McKay, quarterback, and Don Hardeman, fullback.

PITTSBURGH—Signed William Miller, running back.

HOCKEY

National Hockey League

LEAGUE—Named Al Arbour coach of the Prince of Wales Conference team in the 1984 NHL All Star Game. Named Glen Sather coach of the Clarence Campbell Conference team.

BUFFALO—Sent Dave Fenyves, defenseman, to Rochester of the American Hockey League. Recalled Adam Creighton, center, from Ottawa of the Ontario Major Junior Hockey League.

National Football League Leaders

AMERICAN CONFERENCE

Passers

	Att.	Comp.	Pct.	Yards	TD
Marino, Mia.	296	173	58.4	2210	20
Fouts, S.D.	340	215	63.2	2975	20
Krieg, Sea.	222	134	60.4	1909	16
Anderson, Cin.	254	172	67.7	2072	11
Grogan, N.E.	303	168	55.4	2411	15

Receivers

	No.	Yards	Avg.	TD
Newsome, Cle.	85	940	11.1	6
Christensen, Rdrs	84	1111	13.2	12
Winslow, S.D.	83	1132	13.6	8
Carson, K.C.	76	1283	16.9	6
Smith, Hou.	75	1107	14.8	6

Rushers

	No.	Yards	Avg.	TD
Warner, Sea.	309	1333	4.3	13
Campbell, Hou.	295	1208	4.1	11
Pruitt, Cle.	278	1141	4.1	7
Cribbs, Buf.	256	1109	4.3	3
Dickey, Bal.	231	1092	4.4	4

Scoring

Touchdowns	No	Rsh	Rec	Ret	Pts
Johnson, Cin.	14	14	0	0	84
Warner, Sea.	14	13	1	0	84
Campbell, Hou.	12	12	0	0	72
Christensen, Rdrs	12	0	12	0	72
Muncie, S.D.	12	11	1	0	72

Kicking

	Ep-A	Fg-A	Lg	Pts
Anderson, Pit.	36-37	26-30	49	114
Allegre, Bal.	20-22	28-33	55	104
Lowery, K.C.	38-39	22-28	58	104
Bahr, Rdrs	48-50	18-24	47	102
M. Johnson, Sea.	46-47	17-23	54	97

Interceptions

	No	Yds	Lg	Td
Cherry, K.C.	7	100	41	0
McElroy, Rdrs	7	46	28	0
Mehl, NYJ	7	57	34	1
Walters, S.D.	7	65	33	0
Sanford, N.E.	7	24	16	0

Punters

	No.	Yards	Avg.
Stark, Bal.	86	3914	45.5
Camarillo, N.E.	76	3377	44.4
Buford, S.D.	57	2466	43.3
Roby, Mia.	69	2959	42.9

Punt Returners

	No.	Yards	Avg.
Springs, NYJ	22	280	12.7
Johns, Sea.	25	284	11.4
Pruitt, Rdrs	55	619	11.3
Thomas, Den.	32	342	10.7

NATIONAL CONFERENCE

Passers

	Att.	Comp.	Pct.	Yards	TD
Theismann, Wsh.	431	260	60.3	3541	27
Bartkowski, Atl.	400	254	63.5	3070	20
Montana, S.F.	489	318	65.0	3487	22
Lomax, StL	326	195	59.8	2458	22
Dickey, G.B.	454	279	61.5	4196	30

Receivers

	No.	Yards	Avg.	TD
Brown, Wsh.	73	1162	15.9	7
Green, StL	72	1163	16.2	13
Gray, NYG	72	1079	15.0	5
Springs, Dal.	69	567	8.2	1
D.Clark, S.F.	68	812	12.0	8

Rushers

	No.	Yards	Avg.	TD
Dickerson, Rams	371	1728	4.7	18
Andrews, Atl.	303	1409	4.7	5
Dorsett, Dal.	274	1289	4.7	8
Payton, Chi.	284	1273	4.5	6
Riggins, Wsh.	345	1225	3.6	23

Scoring

Touchdowns	No	Rsh	Rec	Ret	Pts
Riggins, Wsh.	23	23	0	0	138
Dickerson, Rams	20	18	2	0	120
Green, StL	13	0	13	0	78
Quick, Phi.	12	0	12	0	72
T. Brown, Min.	11	10	1	0	66

Kicking

	Ep-A	Fg-A	Lg	Pts
Moseley, Wsh.	58-59	32-46	51	154
Wersching, S.F.	45-45	25-29	52	120
Septien, Dal.	55-57	21-25	46	118
Stenerud, G.B.	49-49	21-26	48	112
Haji-Sheikh, NYG	31-22	30-36	56	111

Interceptions

	No	Yds	Lg	Td
Murphy, Wsh.	9	127	48	0
Reece, NYG-T.B.	8	103	29	0
Poe, N.O.	7	146	31	1
McNorton, Det.	7	30	15	0
Wright, S.F.	6	114	60	1

Punters

	No.	Yards	Avg.
Garcia, T.B.	92	3904	42.4
Runager, Phi.	54	2275	42.1
Birdsong, StL	80	3369	42.1
Scribner, G.B.	63	2643	42.0
Coleman, Min.	87	3592	41.3

Punt Returners

	No.	Yards	Avg.
B.Johnson, Atl.	42	480	11.4
Jenkins, Det.	22	238	10.8
Epps, G.B.	31	305	9.8
McLemore, S.F.	29	270	9.3
McKinnon, Chi.	32	291	9.1

AMERICAN CONFERENCE

Offense

	Yards	Rush	Pass
San Diego	5885	1453	4432
Cleveland	5273	1808	3465
Kansas City	5236	1163	4073
New York Jets	5226	1997	3229
LA Raiders	5206	2085	3121
New England	5052	2493	2559
Cincinnati	4904	1963	2941
Miami	4869	1968	2901
Baltimore	4802	2506	2296
Pittsburgh	4729	2481	2248
Seattle	4724	1949	2775
Denver	4553	1690	2863
Buffalo	4546	1702	2844
Houston	4536	1873	2663

Defense

	Yards	Rush	Pass
Cincinnati	4069	1343	2726
Pittsburgh	4418	1719	2699
LA Raiders	4436	1503	2933
Miami	4771	1966	2805
Cleveland	4854	1936	2918
New York Jets	4975	2196	2779
Kansas City	5128	2181	2947
New England	5208	2111	3097
Denver	5249	1846	3403
Baltimore	5279	1993	3286
Buffalo	5415	2265	3150
Houston	5417	2599	2818
San Diego	5475	2018	3457
Seattle	5770	2086	3684

NATIONAL CONFERENCE

Offense

	Yards	Rush	Pass
Washington	5856	2483	3373
Green Bay	5834	1691	4143
San Francisco	5760	2177	3583
Dallas	5594	2055	3539
Chicago	5461	2491	2970
LA Rams	5236	2175	3061
Atlanta	5234	1981	3253
New York Giants	4900	1715	3185
Detroit	4798	2050	2748
St. Louis	4767	2046	2721
Minnesota	4761	1652	3109
New Orleans	4685	2319	2366
Philadelphia	4296	1403	2893
Tampa Bay	4084	1309	2775

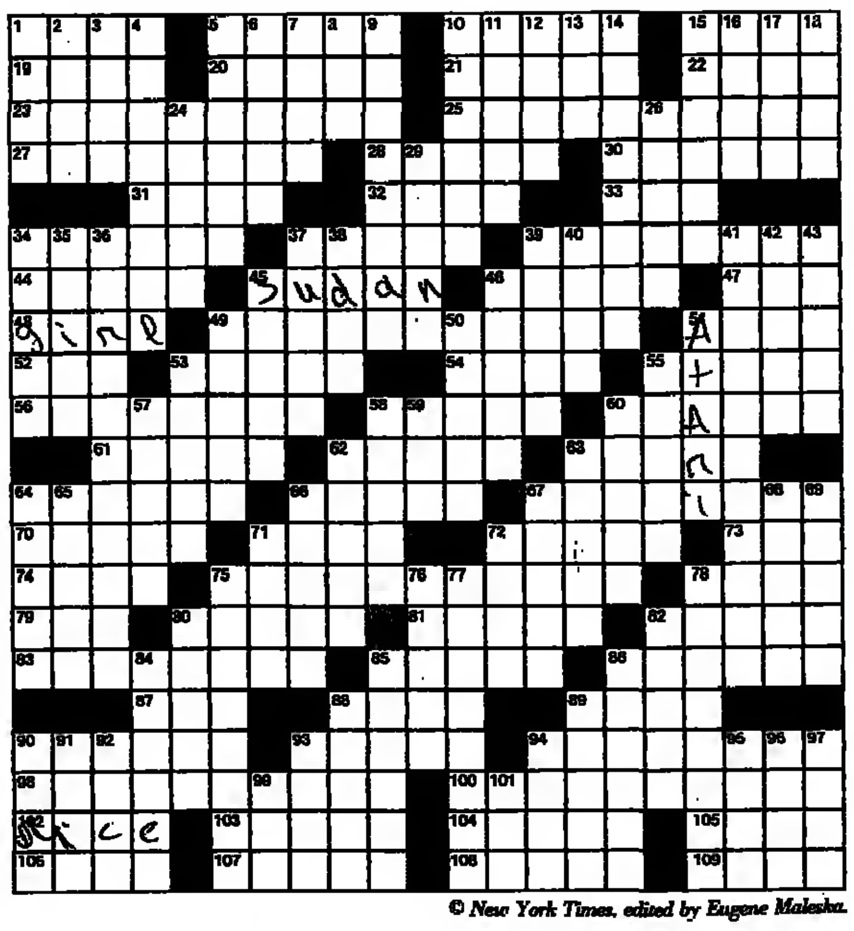
Defense

	Yards	Rush	Pass
New Orleans	4453	1922	2531
New York Giants	4711	1591	3120
St. Louis	4767	1824	2943
Chicago	4794	1884	2910
Detroit	4823	2060	2763
San Francisco	4824	1874	2950
Washington	4879	1210	3669
Tampa Bay	5059	1951	3108
Philadelphia	5069	2424	2645
Minnesota	5108	2443	2665
Dallas	5133	1414	3719
LA Rams	5139	1639	3500
Atlanta	5549	2275	3274
Green Bay	6034	2485	3629

"Bah! Humbug!" By Martha J. De Witt

ACROSS

1 Stack
5 S.F.B., the inventor
10 Impofo
15 Octagonal sign
19 Maumee Bay feeder
20 He wrote "The Hollow Men"
21 Of the cheek
22 Buzzy place
23 Nonsense
25 Nonsense
27 Piths
28 Complete
30 Recoil
31 Suffix with hip or tip
32 Foxx
33 Placebo
34 Walking on air
37 Gibes
39 Pug's vulnerability
44 Having rounded projections
45 Its capital is Khartoum
46 Wearying time
47 Opposite of dep.
48 Jeune fille
49 Nonsense
51 Shelter: Fr.
52 Southern constellation
53 Not bright or clean
54 Tots
55 Euphoniums, e.g.
56 What a weak battery needs
58 Wine variety
60 Enthusiastic
61 —— Semple McPherson
62 Apollyon
63 —— obscure (chiaroscuro)
64 Dipped out
66 Metric measure of capacity
67 Put a tail on
70 Menilites, e.g.
71 Andrews from Miss.
72 Goggle
73 Wood sorrel
74 Spiny-finned fish
75 Nonsense
78 Acidity
79 Drop a fly
80 Simile or metaphor
81 Kind of cow
82 Tarsus
83 Sci-fi movie
85 Sudra, for one
86 Entreated
87 German article
88 Hoover and Roosevelt
89 One means of travel
90 Post again
93 Compendious
94 Possible victim of xenophobia
98 Nonsense
100 Nonsense
102 Players, in the cat's absence
103 "Like it ——!"
104 Dogma
105 Toward the center
106 Part of U.S.N.A.
107 Comes close
108 Tinker's target
109 Medical subj.



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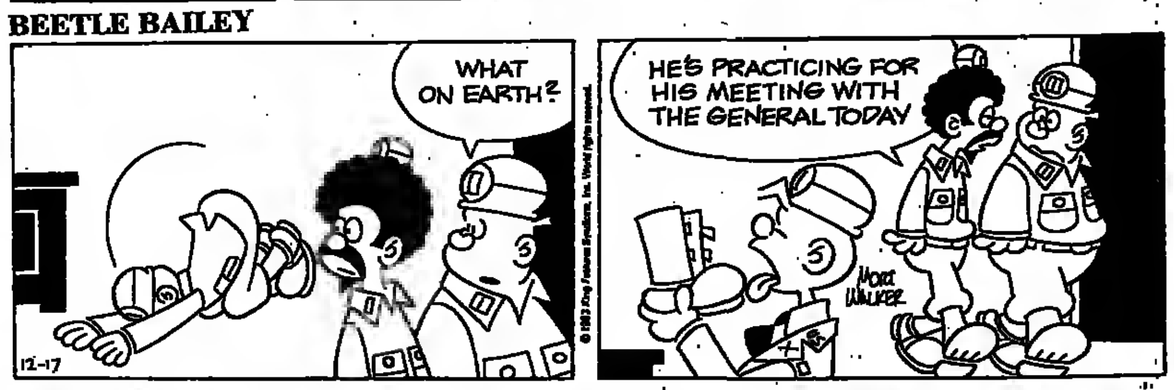
DOWN

1 Ganymede's predecessor
2 Time periods
3 Is not in the pink
4 Hero's spot
5 Yosemite river
6 Senior
7 U.S. radio station in Berlin
8 Mayday's cousin
9 Delicate
10 Fixes firmly
11 Scotch landowner
12 Confederate
13 Carp
14 Horse-training art
15 Sings above true pitch
16 Monkey, marmoset or tree
17 Pizzeria's sine qua non
18 Freshen, with "up"
24 Put in a ledger
26 Sayers's "—— Body?"
29 Early sci-fi author
34 "Pomp and Circumstance" composer
35 Nantes's river
36 Nonsense
37 Deem
38 Nelson, the singer
39 Lightheaded
40 Cobb and Marvin
41 Nonsense
42 Island off Scotland
43 Carpus
45 Char
46 Kind of chair
49 Lit
50 Senegal's capital
51 Complement of video
53 "South Pacific" group
55 Kind of mark or wind
57 Having grades
58 Medieval invader of eastern Europe
59 Suffix with Capri
60 Wing-shaped
62 Subsequently
63 Cautious
64 Theater sections
65 Opposite of "to starboard"
66 Illuminators
67 Cordwood measure
68 College, in Calais
69 Belled the cat
71 Fashion name
72 Part of a revue
75 Enos, to Adam
76 Smith and Bede
77 Tape holder
78 Asiatic Turkey
80 Package security
82 Betel palm
84 Staggered
85 Proofreaders' marks
86 Phoebes
88 Ornamental scheme
89 Temperature over 98.6 degrees
90 Hindu hero
91 Monumental
92 Humane org.
93 Kind of sandwich
94 Number of inches in a span
95 Where H.H.H. lived
96 Cartoonist Hulme
97 Indian peasant
99 "Chances ——," Mathis hit
101 Preacher, familiarly

PEANUTS

BLONDIE

BEETLE BAILEY



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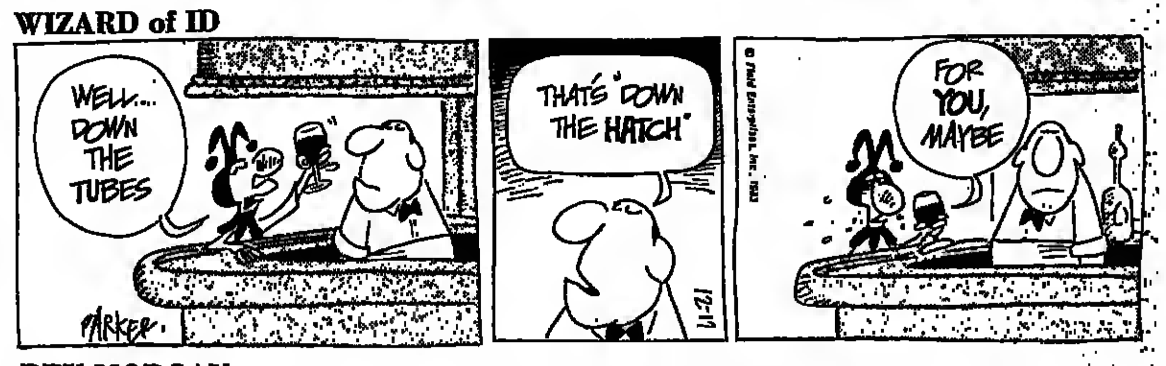


PITCH DARK

By Renata Adler. 144 pp. $12.95.
Alfred A. Knopf, 201 East 50th St., New York, N.Y. 10022.
Reviewed By Michiko Kakutani

BOOKS

"IS it always the same story, then?" the narrator of "Pitch Dark" asks herself at one point. "Somebody loves and somebody doesn't, or loves less, or loves someone else. Or someone is a good soul and someone a villain. And there are just these episodes, anecdotes, places, pauses, hailings of cabs, overcomings of obstacles, or instances of being overcome by them, illnesses, accidents, recoveries, wars, desires, welcomings, rebuffs, baskings (rare, not so long), pinings (more frequent, perhaps, and longer), actions, failures to act, hesitations, proliferations, endings of the line, until there is death."

It is a description that might easily be applied to Renata Adler's sharp new oovel itself. Although the book possesses the bare bones of a plot — it concerns a woman who decides to break off a nine-year adulterous affair — "Pitch Dark" resembles "Speedboat," Adler's highly acclaimed first oovel, in that it is esseotially an inspired assemblage of episodes, anecdotes, places, pauses, moods and philosophical riffs. Snatches of conversation, epigrams and curious facts are embedded in a narrative matrix that is glued together by little but the force of the narrator's own sensibility; indeed Adler demonstrates a reluctance — or inability — to connect incidents and ideas. Such connections, she suggests, might imply that more order or meaning exists in the world than it does.

Of course, this technique of collage — along with a variety of self-conscious Brechtian devices that distance the reader from the text — has become an accepted literary coovention used by Donald Barthelme and other inheritors of the *nouveau roman* tradition. For these writers, discontinuity is a coodition of modern life, and that conditioo is mirrored perfectly in the fragmentary nature of their fiction.

Two things, however, bold "Pitch Dark" together and give it speed and magic. The first is Adler's gift for language and observation — she seems capable of writing about anything from tent caterpillars to metaphysics with intelligence and wit; and the second is her willingness to write candidly, even rawly, about emotions. As she writes of Gertrude Stein, "She went on and on, too, of course, but only in a state of tension: drawn to the sentimental rhythm and the sentimental substance, but mocking and concealing it, reining it back."

Given its tendency to substitute sophistication for emotion, knowledge for belief, much post-modern fiction has a certain dessicated quality, and it is Adler's intermittent willingness to risk sentimentality that gives "Pitch Dark" a vitality and gut appeal missing in other "anti-novels." She can delincate the hurt of being the lover, not the loved, in a line; convey the paranoia of traveling in a strange country with an image; and read the end of a romance in a gesture. "He knew that she had left him when she began to smoke again," she writes. "Years ago, he had smoked, but not when they met. So she stopped, as people do when they are in love. Take up cigarettes, or give them up, or change brands. As people do to be at one at least in this."

As readers, we come to know the narrator's fictional world — a world in which people have gone to graduate school, attend United Nations conferences, and talk about such matters as Skinner's boxes and the plight of refugees; and we also come to feel the pain she experiences as Jake's neglected mistress.

Alienated, self-conscious and morally ill-at-ease, Kate Ennis resembles Joan Didion's high-strung heroiocs — except that she lives in a brownstone in New York. She is a reader of horoscopes, a collector of omens, a woman who brings a reporter's and critic's detachment to her own relationships. Most of all, she is an observer — painfully attuned to the perils and absurdities of contemporary life: She notices the spots in the ice cubes, the caterpillars in the trees, the tendency of owners of large cars to drive badly. She carries her favorite possessions with her in her pocketbook — for fear her apartment and her country house will be robbed — and she keeps her passport freshly validated, just in case escape is required.

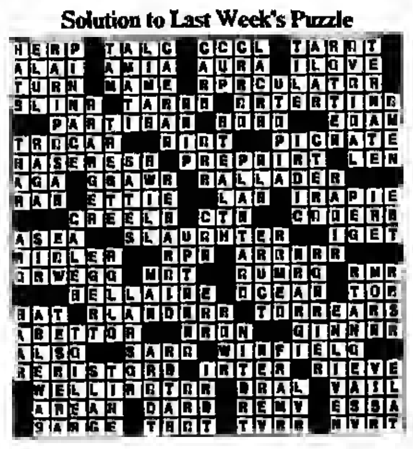
In the end, Kate's personality and voice — which, one suspects, closely echoes Adler's own — help "Pitch Dark" transcend the limits of its structure; they make the book not only engaging intellectually, but also emotionally compelling.

Michiko Kakutani is on the staff of The New York Times.

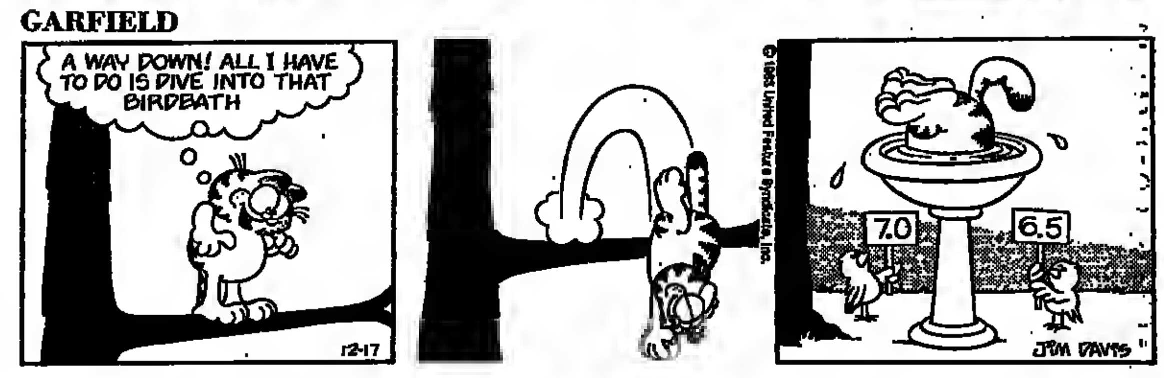
REX MORGAN

DENNIS THE MENACE

Solution to Last Week's Puzzle



GARFIELD



WEATHER

EUROPE — ASIA — AFRICA — LATIN AMERICA — NORTH AMERICA — MIDDLE EAST — OCEANIA

Canadian Stock Markets — Dec. 16

Prices in Canadian cents unless marked $

Toronto — Montreal — Canadian Indexes Dec. 16

Other Markets — Dec. 16

Closing Prices in local currencies

Amsterdam — Brussels — Frankfurt — Hong Kong — London — Milan — Paris — Singapore — Stockholm — Sydney — Tokyo — Zurich

Reuters, Australia Firm Form Satellite Company

Reuters

SYDNEY — Reuters and the Australian Associated Press announced Friday the formation of a new company to develop advanced communications for distributing news and information by satellite in Australia.

The AAP-Reuters Communicatioos Pty. oetwork will be based on the Aussat domestic satellite system, recently given the go-ahead by the Australian government.